United Nations S/2014/147

Security Council

Distr.: General
6 March 2014

Original: English

Note by the President of the Security Council

In paragraph 29 of resolution 2094 (2013), the Security Council requested the Panel of Experts established pursuant to resolution 1874 (2009) to provide a final report to the Council with its findings and recommendations.

Accordingly, the President hereby circulates the report received from the Panel of Experts (see annex).

14-23227 (E) 100314

Please recycle

Annex

Letter dated 3 March 2014 from the Coordinator of the Panel of Experts established pursuant to resolution 1874 (2009) addressed to the President of the Security Council

[Original: French]

On behalf of the Panel of Experts established pursuant to resolution 1874 (2009), I have the honour to transmit herewith, in accordance with paragraph 29 of resolution 2094 (2013) and document S/2013/186, the final report on its work.

The report was provided to the Security Council Committee established pursuant to resolution 1718 (2006) on 7 February 2014 and was considered by the Committee on 24 February 2014.

I should be grateful if the present letter and its enclosure could be brought to the attention of the members of the Security Council.

(*Signed*) Martin **Uden**
Coordinator
Panel of Experts established pursuant to
Security Council resolution 1874 (2009)

Enclosure

Letter dated 7 February 2014 from the Panel of Experts established pursuant to resolution 1874 (2009) addressed to the Chair of the Security Council Committee established pursuant to resolution 1718 (2006)

[Original: French]

The Panel of Experts established pursuant to Security Council resolution 1874 (2009) has the honour to transmit herewith, in accordance with paragraph 29 of Security Council resolution 2094 (2013) and document S/2013/186, the final report on its work.

The Panel would appreciate it if this letter and its annex were brought to the attention of the members of the Security Council Committee established pursuant to resolution 1718 (2006).

(*Signed*) Martin **Uden**
Coordinator
Panel of Experts established pursuant to
Security Council resolution 1874 (2009)

(*Signed*) Katsuhisa **Furukawa**
Expert

(*Signed*) Chang **Guo**
Expert

(*Signed*) Jang-keun **Lee**
Expert

(*Signed*) Erik **Marzolf**
Expert

(*Signed*) William J. **Newcomb**
Expert

(*Signed*) Alexander **Vilnin**
Expert

(*Signed*) Neil **Watts**
Expert

Report of the Panel of Experts established pursuant to resolution 1874 (2009)

Summary

There have been no signs that the Democratic People's Republic of Korea intends to respond to the Security Council's calls to abandon its nuclear, ballistic missile and other weapons of mass destruction programmes. On the contrary, it is persisting with its arms trade and other prohibited activities in defiance of Security Council resolutions, while activities related to its nuclear and ballistic missile programmes continue.

At the present time, the Panel does not see new measures as necessary in order to further slow the prohibited programmes of the Democratic People's Republic of Korea, to dissuade it from engaging in proliferation activities or to halt its trade in arms and related materiel. Rather, the Panel believes that Member States already have at their disposal adequate tools.

The example of Panama with the *Chong Chon Gang* shows that determined action can thwart prohibited activities on the basis of existing measures. Nonetheless, the Panel strongly believes that overall implementation of existing sanctions should be significantly improved. In the present and prior reports to the Security Council, the Panel has made recommendations to help address identified shortcomings.

The Democratic People's Republic of Korea presents a stiff challenge to Member States. It is experienced in actions it takes to evade sanctions. From the incidents analysed in the period under review, the Panel has found that it makes increasing use of multiple and tiered circumvention techniques. Access to the *Chong Chon Gang* provided the Panel with an unrivalled insight into some of the ways used to circumvent sanctions. This incident is also a reminder to Member States that, besides trade in arms and related materiel, the Democratic People's Republic of Korea is forbidden to provide services or assistance on the manufacture, maintenance or use of arms.

Other incidents show that the Democratic People's Republic of Korea remains dependent on foreign procurement for certain items, especially some that figure in nuclear and ballistic missile programmes. In particular, it lacks sufficient domestic precision machine tool manufacturing capability and it purchases off-the-shelf items for its ballistic missile-related programmes. The Panel also assesses that it will likely seek out foreign suppliers for components it will need to fabricate fuel rods for its reactors.

A study commissioned by the Panel provided valuable insights into its overseas commercial presence, part of which is utilized to find alternative and willing suppliers and acquire technology and products it needs for prohibited programmes. The study also shows that individuals and entities operating abroad, particularly those it identified as working in the shipping industry, could be viewed as belonging to interconnected networks, useful in the conduct of legitimate and illicit trade.

Contents

		Page
	Abbreviations and glossary	8
I.	Introduction	9
II.	Background and political context	9
III.	The Panel of Experts and its methodology	10
IV.	Reports by Member States	11
	A. National implementation reports	11
	B. Non-compliance reports	12
V.	Continuing violations by the Democratic People's Republic of Korea of its obligation to abandon nuclear, other weapons of mass destruction and ballistic missile programmes	13
	A. Recent nuclear-related activities	13
	B. Recent activities related to ballistic missile and related programmes	14
	C. Other weapons of mass destruction programmes	17
VI.	Export- and import-related measures	17
	A. Implementation of the embargo on nuclear, other weapons of mass destruction and ballistic missile-related items	18
	B. Implementation of the arms embargo	25
	C. Implementation of the luxury goods ban	41
VII.	Interdiction	42
	A. Techniques of sanctions evasion utilized by the *Chong Chon Gang*	42
	B. Transportation assets owned or controlled by the Democratic People's Republic of Korea	45
VIII.	Travel ban and assets freeze	52
IX.	Financial measures	56
	A. Research on foreign-based business organizations: structure, practices and finance	56
	B. Financial Action Task Force	57
	C. Possible countermeasures to financial sanctions	58
	D. Bank secrecy	60
X.	Unintended impact of the sanctions	61
	A. Civilian population	61
	B. Diplomatic missions	62
XI.	Recommendations	62

Annexes*

I. Correspondence with Member States 64

II. Imagery of the Yongbyon nuclear complex 65

III. Imagery of the light water reactor and the 5 MWe reactor 66

IV. Imagery of the fuel fabrication plant 67

V. Imagery of suspected nuclear test site in the Democratic People's Republic of Korea (Punggye-ri) 68

VI. *Chong Chon Gang* confidential annex** 69

VII. List of arms and related materiel reported by Panama found onboard the *Chong Chon Gang* 70

VIII. Cargo found on-board the *Chong Chon Gang* 71

IX. "Secret" instructions given to the captain concerning the arms and related material consignment 84

X. Unofficial translation of the "secret" instructions 85

XI. Communications from the *Chong Chon Gang* to OMM referencing "26 boxes" and loading of containers and trailers and their unofficial translation 86

XII. Message from OMM regarding the transportation fee for an "additional cargo of 200 tons" 87

XIII. Application for payment submitted by Chinpo Shipping Company on behalf of OMM Russia 88

XIV. Communication between Ocean Maritime Management Company Russia (OCRU) and the shipping agent in Panama falsely stating that the ship was only carrying sugar and showing that OCRU knew of the need to declare all containers 89

XV. False declaration submitted to the Panama Canal authority via the local shipping agent 90

XVI. Cargo manifest submitted to Panamanian authorities falsely stating that the *Chong Chon Gang's* only cargo was sugar 91

XVII. Bills of lading for the sugar consignments 92

XVIII. Communication conveying letter of protest from OMM for Panamanian authorities stating that the *Chong Chon Gang* was only carrying sugar 93

XIX. Correspondence from OMM to the Panel dated 12 December 2013 94

XX. Documents showing financial transactions conducted by Democratic People's Republic of Korea embassy personnel in Cuba, and their unofficial translation 97

XXI. Captain's list of contacts referencing "26 boxes", embassy and Cuban military personnel 98

XXII. Link between Tonghae Shipping Agency Pte. Ltd, Chinpo Shipping Co. Ltd, and the Democratic People's Republic of Korea embassy in Singapore 99

XXIII. Official registrations of businesses co-located with the Democratic People's Republic of Korea embassy in Singapore 100

* The annexes are being issued without formal editing in the language of submission only.

** The annex has not been reproduced in the present document because it is confidential.

XXIV. Key management personnel and shareholders shared by Chinpo Shipping, Tonghae Shipping Agency and Great Best Trading 101

XXV. Stowage plan, which does not reflect the presence of containers and trailers 102

XXVI. Letter from the captain requesting that contact be made with the owner and the owner's operating company 103

XXVII. Loading check sheet possessed by the captain identifying holds where containers and trailers would be placed, size of containers and labelling trailers belonging to surface-to-air missile systems (Volga and Pechora) 104

XXVIII. Patterns of sanctions evasion 105

XXIX. Definition of terms of beneficial owner, registered owner and commercial owner 109

XXX. Re-registering or re-flagging of Democratic People's Republic of Korea-owned or flagged vessels which took place after the adoption of resolution 2094 (2013) 110

XXXI. Democratic People's Republic of Korea registered shipping companies 111

XXXII. Pamphlet of the Second China-Democratic People's Republic of Korea Economic, Trade, Culture and Tourism Expo, 11-14 October 2013, showing an alias of Ryonha Machinery Corporation 117

XXXIII. Financial Action Task Force public statement dated 18 October 2013 regarding high-risk and non-cooperative jurisdictions 118

XXXIV. List of banks known or believed to be operating in the Democratic People's Republic of Korea 119

XXXV. Note Verbale from the Permanent Mission of the Russian Federation to the United Nations dated 18 February 2014 123

Abbreviations and glossary

FATF	Financial Action Task Force
IAEA	International Atomic Energy Agency
IAN	Implementation Assistance Notice (issued by the Committee established pursuant to Security Council resolution 1718 (2006) to Member States)
IMO	International Maritime Organization
INFCIRC	Information Circular (IAEA Publication)
KCNA	Korea Central News Agency
MW(e)	megawatt-electrical
TEU	twenty-foot equivalent unit (refers to shipping containers)
UNODC	United Nations Office on Drugs and Crime
WCO	World Customs Organization

The following words and phrases are used in the present report with the following specific meanings:

"The Committee"	The Committee established pursuant to Security Council resolution 1718 (2006)
"The resolutions"	Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013)
"The Panel"	The Panel of Experts established by Security Council resolution 1874 (2009)
"The sanctions"	The measures set out in the resolutions
"Interdiction"	The inspection, seizure and disposal of cargo as defined by paragraphs 11 to 14 of resolution 1874 (2009), paragraph 8 of resolution 2087 (2013) and paragraph 16 of resolution 2094 (2013)
"Designate/designation"	Action taken by the Security Council or the Committee under paragraphs 8 (d) and 8 (e) of resolution 1718 (2006) (as amended by subsequent resolutions, including paragraph 27 of resolution 2094 (2013)) against persons or entities (assets freeze and/or travel ban)

I. Introduction

1. By its resolution 2094 (2013), the Security Council extended the Panel's mandate to 7 April 2014. The present report covers the 9-month period from 12 May 2013 to 7 February 2014.

2. The report reviews the evidence available regarding the continued efforts of the Democratic People's Republic of Korea to develop nuclear, other weapons of mass destruction and ballistic missile programmes. It draws on reports from Member States, publicly available material and satellite imagery. It examines the violations of sanctions that have been reported to the Committee during the period under review and provides information on the Panel's enquiries into and conclusions on other cases.

3. The report also surveys changes to the ability of the Democratic People's Republic of Korea to ship cargo, notably using its air and maritime fleets as well as containerized freight, and reviews the techniques and strategies employed to circumvent sanctions. It considers the effectiveness of the travel ban and assets freeze imposed on designated entities and individuals, and of the various financial measures adopted by the Security Council to enhance the effectiveness of sanctions. The results of a study of the overseas business presence of the Democratic People's Republic of Korea are reported. The report also looks at unintended consequences of the sanctions on the civilian population and foreign diplomatic missions.

4. Finally, the Panel submits recommendations to improve implementation of the resolutions. The annexes to the present report contain appropriate supporting evidence and further background to the main report.

II. Background and political context

5. It is too soon to know what significance the purge in December 2013 of Jang Song-Taek, Deputy Chairman of the National Defence Commission, will have on the overall political leadership of Kim Jong-Un and the strategic and foreign policies of the Democratic People's Republic of Korea. In particular, questions remain on whether the military has further increased its influence and control. The Democratic People's Republic of Korea has reduced the intensity of its provocative rhetoric compared with early 2013, and placed more emphasis on economic development. Its isolation, trade deficit, lack of credit-worthiness and pressing economic requirements suggest that it either needs to boost revenue via increased sales of prohibited items and/or improve economic relations with the international community.

6. In defiance of Security Council resolutions, the Democratic People's Republic of Korea continues to claim its "legitimate status ... as a nuclear weapons state ... whether others recognize it or not", and repeatedly declared it will strengthen its "nuclear deterrence capability".[1] The "new strategic line" of parallel growth of the economy and its nuclear weapons capabilities, adopted during the March 2013 plenary meeting of the Central Committee of the Worker's Party of Korea,[2] has been continuously referred to and reaffirmed.

[1] "NDC Spokesman of DPRK issues crucial statement", *Rodong Sinmun*, 18 June 2013.

[2] "Report on the plenary meeting of the WPK Central Committee", *KCNA*, 31 March 2013.

7. Participants in the Six Party Talks have engaged with the Democratic People's Republic of Korea and with each other in efforts to restart the talks, but they have yet to achieve significant progress. Efforts by the Democratic People's Republic of Korea to improve its political and economic relations with other participants are unlikely to bear fruit without significant change in the domestic and regional environment, including acceptance of steps called for in the resolutions. There has been only limited rapprochement between the Democratic People's Republic of Korea and the Republic of Korea, most notably permitting the reopening of the Gaesong Industrial Complex, where there have been preliminary discussions to expand international business participation.

III. The Panel of Experts and its methodology

8. In accordance with resolution 2094 (2013), the mandate of the Panel of Experts was extended until 7 April 2014 and the number of experts increased from seven to eight.

9. The Panel adheres to its mandate to gather, examine and analyse information from States, relevant United Nations bodies and other interested parties regarding the implementation of the measures imposed in the resolutions, in particular incidents of non-compliance, and to make recommendations on actions that the Security Council, the Committee or Member States may consider to improve the implementation of the measures imposed by the resolutions.

10. The Panel conducts its work in line with the methodological standards contained in the report of the Informal Working Group of the Security Council on General Issues of Sanctions (S/2006/997). The Panel strives to maintain high evidentiary standards despite not having the subpoena, forensic capabilities and investigative powers of a judicial body. It relies on three types of information: (a) experts' first-hand and on-site observations; (b) information supplied by Member States and/or international organizations, officials, journalists and private individuals; and (c) information found in the public domain. The Panel keeps in mind the identity and role of sources, seeks corroboration wherever possible and ensures that information provided on a confidential or restricted basis is handled in a manner that is consistent with the responsibilities of the Panel.

11. During the period under review, the Panel submitted nine incident reports to the Committee and has taken account of these incidents in the present report, as well as providing information regarding cases still being investigated. The Panel held consultations with 13 Member States, three United Nations bodies and other interested parties. Such consultations included seven visits to gather information about various incidents of non-compliance, including two for cargo inspection, seven to discuss the implementation of sanctions and 11 to attend conferences and seminars to raise awareness of the resolutions.

12. The Panel sent a total of 64 requests for information relating to its investigations to Member States, private entities and individuals. It received to date a total of 32 responses. A table tallying the correspondence sent to and received from Member States is provided in annex I. Although some longstanding requests to Member States for information regarding its investigations remain open, responses to the Panel's requests during this period have been speedier.

13. In accordance with paragraph 11 of resolution 2087 (2013), several international organizations sought the advice of the Committee regarding their activities with respect to the Democratic People's Republic of Korea. The Panel assisted the Committee in ensuring that these activities would not contribute to prohibited programmes or activities. The Panel has also continued to cooperate with other United Nations Sanctions Panels and Groups, including the Counter-Terrorism Committee Executive Directorate, on matters of mutual interest.

IV. Reports by Member States

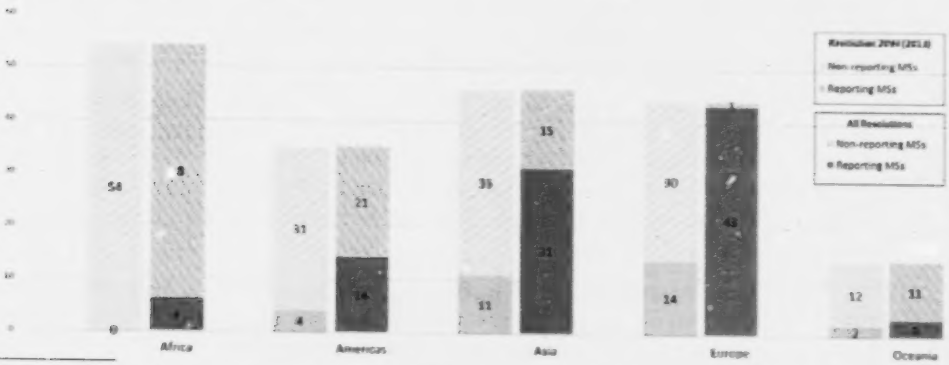
A. National implementation reports

14. In paragraph 25 of its resolution 2094 (2013), the Security Council calls upon States to report to it "on concrete measures they have taken in order to implement effectively the provisions of this resolution". As of 1 February 2014, 31 Member States had submitted national implementation reports.[3] This slow pace of reporting is also found where other Security Council resolutions call for the submission of national implementation reports, including resolutions 1718 (2006) and 1874 (2009).

15. Of those 31 Member States, several submitted combined reports, thereby meeting their reporting obligations under previous resolutions. This slightly increased the overall number of reporting Member States to 97. This total is also consistent with reporting under other Security Council resolutions.[4]

16. The national implementation reports submitted continue to vary considerably in content. Several set forth specific measures taken, while others provide little or no detail. The Panel encourages non-reporting/late-reporting Member States to refer to the Guidelines on the Preparation and Submission of National Implementation Reports, which was updated by the Committee on 22 October 2013.[5]

Figure I
Overview of reporting by region



[3] All national implementation reports are available at www.un.org/sc/committees/1718/mstatesreports.shtml.

[4] As of June 2013, over half of the Member States had yet to report on the implementation of resolution 1929 (2010). See S/2013/331, para. 14.

[5] See www.un.org/sc/committees/1718/pdf/implementation_assistance_notice_2.pdf.

17. An analysis of the national implementation reports submitted to date suggests that some measures imposed by resolution 2094 (2013) do not receive the same attention as others. The Panel notes that measures such as inspection of cargo, denial of entry into ports or of overflight, take-off and landing, as well as vigilance of diplomatic personnel, are often not referred to.

18. The reasons for non- or late-reporting include, but are not limited to, a lack of awareness and insufficient understanding of the resolutions.[6] As pointed out in paragraph 67 of the present report, this often benefits the Democratic People's Republic of Korea. The Panel further notes that the proportion of non-reporting/late-reporting Member States is higher in regions with a long history of cooperation with the Democratic People's Republic of Korea.

B. Non-compliance reports

19. The Panel is aware that some inspections and seizures of cargo have not been reported by Member States to the Committee, even though paragraph 15 of resolution 1874 (2009) "requires any Member State ... to submit promptly reports containing relevant details". Non-reporting of inspections and seizures compromises the Committee's mandate to respond effectively to violations of the resolutions and to designate additional individuals and entities. Further, it limits the Panel's ability to gather, examine and analyse information on the implementation of the resolutions, in particular incidents of non-compliance, and its ability to make recommendations based on detailed evidence to the Council, the Committee or Member States.

20. Should Member States have concerns about diplomatic or other implications of submitting reports on inspection and seizure, communications can be provided in confidence to the Committee. While domestic legal considerations may prevent Member States from sharing details, this does not affect the requirement to report the fact that an inspection was conducted. This obligation applies even if the inspection reveals that a shipment was not in breach of sanctions.

21. **The Panel recommends that Member States report promptly to the Committee on all instances of inspections of cargo to, from or brokered by the Democratic People's Republic of Korea, as required by paragraph 15 of resolution 1874 (2009), even when no prohibited items have been found.**

22. In paragraph 26 of its resolution 2094 (2013), the Security Council calls on all States to supply information at their disposal regarding non-compliance with the resolutions. The Panel notes that recent unilateral designations of entities and individuals by Member States point to the existence of information relevant to the violation of United Nations sanctions. No such information, however, was supplied to the Committee and the Panel.

23. **The Panel recommends that, pursuant to paragraph 26 of resolution 2094 (2013), Member States supply to the Committee and the Panel information at their disposal regarding non-compliance with the resolutions.**

[6] See S/2010/571, annex, para. 36.

V. Continuing violations by the Democratic People's Republic of Korea of its obligation to abandon nuclear, other weapons of mass destruction and ballistic missile programmes

24. By resolution 2094 (2013), the Security Council reaffirmed its decision that the Democratic People's Republic of Korea shall abandon all nuclear weapons and existing nuclear programmes, other existing weapons of mass destruction and ballistic missile programmes in a complete, verifiable and irreversible manner. To date, there are still no indications that it is ready to abandon those programmes in a manner consistent with the resolutions. On the contrary, recent declarations, technical developments and observations indicate that it remains actively engaged in such programmes.

A. Recent nuclear-related activities

25. Over the reporting period, the Democratic People's Republic of Korea continued to describe itself as a "nuclear weapon state" and repeatedly manifested its determination to strengthen its "nuclear deterrence capability".[7] During a meeting held on 21 April 2013, its Cabinet reportedly discussed several nuclear-related issues, including the objective of increasing uranium ore mining activities and production of nuclear fuels and materials. The need to increase the level of education and training of nuclear scientists and technicians was also discussed.[8]

26. On 2 April 2013, the Democratic People's Republic of Korea announced that it would restart all nuclear facilities in Yongbyon, including the uranium enrichment workshop and the 5 MW(e) reactor.[9] On 28 August 2013, IAEA reported that it continued to observe building renovation and new construction activities at various locations within the Yongbyon nuclear complex, broadly consistent with the country's statements that it was further developing its nuclear capabilities.[10] Using commercial satellite imagery, the Panel confirmed that these activities have continued throughout the reporting period.

27. Commercial satellite imagery dated 31 August 2013 shows steam rising from the building adjacent to the 5 MW(e) reactor considered to house an electricity generator. It suggests that parts of the reactor system may have been operating at the time (see annex III). This would confirm the analysis of IAEA that recent excavation of trenches in the vicinity could be to reconfigure its cooling system, allowing it to operate without reconstructing the cooling tower destroyed in June 2008. This satellite imagery also shows that an additional building adjacent to the reactor was refurbished during the second part of 2013.

---

[7] "NDC Spokesman of DPRK issues crucial statement", *Rodong Sinmun*, 18 June 2013.

[8] "Let us thoroughly implement party's line on simultaneously pushing forward economic construction and the building of nuclear armed force-an expanded meeting of the cabinet plenum was held", *Minju Joson*, 21 April 2013.

[9] "DPRK to adjust uses of existing nuclear facilities", *KCNA*, 2 April 2013.

[10] IAEA, Report by the Director General on the application of safeguards in the Democratic People's Republic of Korea, IAEA Board of Governors General Conference, 28 August 2013. Available from www.iaea.org/About/Policy/GC/GC57/GC57Documents/English/gc57-22_en.pdf.

28. The extension of a building reportedly housing the uranium enrichment workshop, identified by IAEA as having started in March 2013, seemed to show progress throughout the year. This extension will almost double the size of the original building (see annex IV). Here also, additional construction or refurbishment work on nearby buildings and landscaping alteration of an adjacent area could be observed during the second half of 2013.

29. Further activities were observed in the Yongbyon nuclear complex. In particular, old buildings north of the pilot fuel fabrication plant were converted into a new larger one and construction work continued in the area north of the reported uranium enrichment workshop (see annex II).

30. No major developments were observed at the exterior of the light water reactor since the IAEA report. The Agency stated that external work on the building appeared to have been completed in June 2013 and construction activities on and around the building included installation of a ventilation stack, construction of an electrical switchyard and excavation of trenches, apparently to accommodate water pipes for cooling the reactor.

31. Using satellite imagery, the Panel also observed various activities at the Punggye-ri nuclear test site (see annex V) such as excavation, building demolition and renovation, and new construction. While the purpose of these activities cannot be determined through satellite imagery alone, some analysts suggested they could be related to the sealing of the tunnel used for the last nuclear test, the maintenance of other available tunnels and/or excavation of new tunnels.[11]

32. Operation of the light water reactor would need a large quantity of fuel rods that may require the Democratic People's Republic of Korea to expand its nuclear fuel fabrication capacities.[12] Nuclear experts indicated to the Panel that they suspected it might not yet have the domestic capacity and might have to procure the necessary equipment and technology abroad. In general, such equipment would include pilger milling machines and their mandrels, dies and lubricants for zirconium alloy tubes production, as well as ultrasonic test equipment for inspection. **The Panel recommends that Member States exercise due vigilance on export to the Democratic People's Republic of Korea of the above-mentioned items.**

B. Recent activities related to ballistic missile and related programmes

33. The Democratic People's Republic of Korea has not conducted any launches using ballistic missile technology since the launch of the Unha-3 rocket from its west coast facility on 12 December 2012.[13] However, it has not stopped all ballistic missile-related activities nor re-established its pre-existing commitments to a moratorium on missile launches.

---

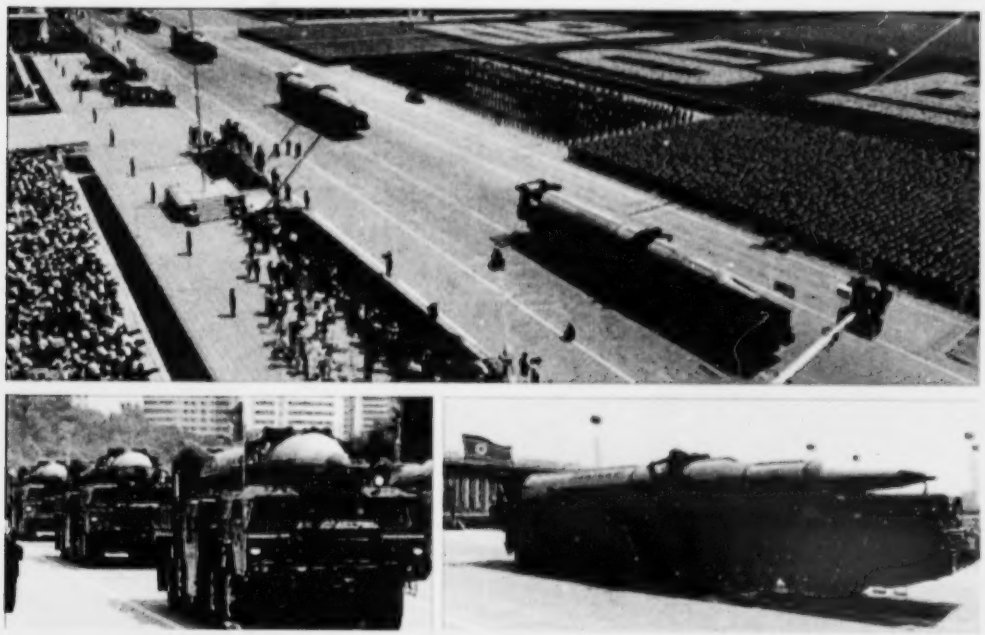
[11] "North Korea's Punggye-ri nuclear test site: no indication of nuclear test preparations", *38 North*, 20 December 2013. Available from http://38north.org/2013/12/punggye122013/.

[12] See "Let us thoroughly implement party's line on simultaneously pushing forward economic construction and the building of nuclear armed force-an expanded meeting of the cabinet plenum was held", *Minju Joson*, 21 April 2013.

[13] The Democratic People's Republic of Korea fired several short-range missiles from its East Coast in mid-May 2013. It remains unclear if these were short-range ballistic missiles (known as KN-02) or anti-ship and surface-to-air missiles.

34. Coverage of the military parade on 27 July 2013, celebrating the sixtieth anniversary of the end of the Korean War, featured a number of ballistic missiles (see figure II). The parade included liquid-fuelled ballistic missiles commonly known as Hwasong, Nodong, Musudan and KN-08. Six units of each missile were paraded.

Figure II
27 July 2013 military parade



Source: Kyodo via AP Images.

35. The Democratic People's Republic of Korea conducted further tests of large liquid rocket motors at the test stand of its West Coast facility. Commercial satellite imagery shows that several tests were conducted in the past year.[14] As with previous tests, these could be of either the first stage of the Unha-3 rocket, or of the KN-08 road mobile missiles (which remain non-flight tested), or related to the development of new and more powerful rockets.

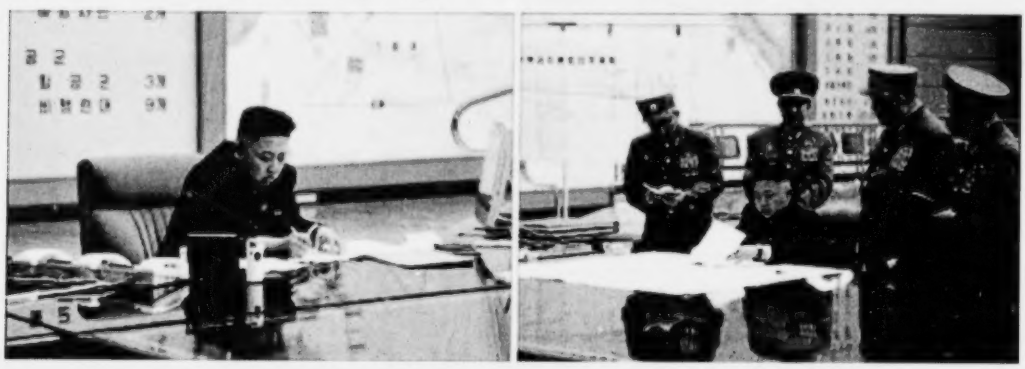
36. It has continued to work on improving its missile-related facilities. Commercial satellite imagery shows sustained construction activities since mid-2013 at the West Coast facility. Analysts consider some of these projects are for enlarging the gantry tower and mobile launch stand, building a new launch pad and

[14] At least three tests were conducted. See *38 North* "New long-range rocket engine tests at North Korean launch facility: development continues", 10 July 2013, "Probable rocket engine test conducted at Sohae", 23 September 2013 and "significant development at North Korea's Sohae test facility", 29 January 2014. Available from http://38north.org/2013/07/sohae071013/, http://38north.org/2013/09/sohae092313/, http://38north.org/2014/01/sohae012914/.

a new radar tracking station.[15] Satellite imagery also shows that new construction at the east coast facility, underway since the summer of 2011, stopped for much of 2013 but resumed late in the year. Progress was observed at the new assembly and launch control buildings, but not on the new launch pad.[16]

37. In January 2013, in reaction to the adoption of resolution 2087 (2013) condemning its December launch, the Democratic People's Republic of Korea sent a defiant response to the Security Council declaring that it "will continuously launch satellites for peaceful purposes to conquer space and become a world-level power".[17] Since that date, however, there have been neither further launches nor further announcements regarding its supposed satellite and carrier rocket programmes.[18]

Figure III
Signing of the Strategic Rocket Force plan



Source: AFP Photo/KCNA via KCNS.

38. Two months later, in another letter to the Security Council, the Democratic People's Republic of Korea announced that it "has its own powerful, precise means for conducting a nuclear attack and nuclear war methods".[19] In a related move, KCNA reported on 29 March 2013 that Kim Jong-Un had "examined and ratified the plan of the Strategic Rocket Force for firepower strike" (see figure III), declared to include strikes on military bases located in mainland United States of America as well

[15] "Major construction at the Sohae rocket test site", *38 North*, 30 August 2013 and "Significant development at North Korea's Sohae test facility", 29 January 2014. Available from http://38north.org/2013/08/sohae083013/, http://38north.org/2014/01/sohae012914/.

[16] "Construction at Tonghae resumes: no tests likely in 2013", *38 North*, 29 November 2013. Available from http://38north.org/2013/11/tonghae112913/.

[17] Letter dated 24 January 2013 from the Permanent Representative of the Democratic People's Republic of Korea to the United Nations addressed to the President of the Security Council (S/2013/50).

[18] The only development is its accession in October 2013 to the Convention of the International Mobile Satellite Organization. See IMSO, "Democratic People's Republic of Korea accedes to the IMSO Convention", *IMSO News*, No. 092, 16 October 2013. Available from www.imso.org/ReadNews.asp?FileID=956.

[19] Letter dated 27 March 2013 from the Permanent Representative of the Democratic People's Republic of Korea to the United Nations addressed to the President of the Security Council (S/2013/194).

as in Hawaii and Guam.[20] The Democratic People's Republic of Korea, however, has never once conducted a successful test of a long-range ballistic missile. The last declared missile launch in 2006 failed after the missile exploded 40 seconds after launch. The credibility of these official statements can therefore only derive from the successful launch of the Unha-3 and, in the Panel's view, shows the substantive overlaps between the country's ballistic missile and space launch programmes.

C. Other weapons of mass destruction programmes

39. Although little information is in the public domain, the other existing weapons of mass destruction programmes of the Democratic People's Republic of Korea remain of concern. The Democratic People's Republic of Korea has given no indication of being prepared to abandon them in a complete, verifiable and irreversible manner as reaffirmed by resolution 2094 (2013) and is one of four States which have neither signed nor acceded to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction.[21] It is a party to the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, but has only submitted one voluntary confidence-building measures form, in 1990.[22]

40. A number of media articles during the past year discussed operational military assistance provided by the Democratic People's Republic of Korea to the Syrian Arab Republic, including in the field of chemical weapons.[23] In November 2013, the Ministry of Foreign Affairs of the Democratic People's Republic of Korea issued a denial of military involvement in the Syrian conflict.[24] The Panel cannot confirm or refute these reports.

VI. Export- and import-related measures

41. During the reporting period, the Panel investigated two newly reported instances of seizure and inspection of prohibited items as well as previously reported incidents and other incidents of non-compliance that were brought to its attention. All these cases provide ample evidence that the Democratic People's Republic of Korea continues to trade in prohibited items.

42. However, the Panel is not able to determine if the level of prohibited activities decreased or increased over the reporting period because:

---

[20] "Kim Jong Un convenes operation meeting, finally examines and ratifies plan for firepower strike", *KCNA*, 29 March 2013.

[21] The other non-signatories are Angola, Egypt and South Sudan. Somalia and the Syrian Arab Republic acceded to the Convention in 2013.

[22] See www.un.org/disarmament/WMD/Bio/.

[23] See NK News, "North Korea and Syrian chemical and missile programs," 19 June 2013. Available from www.nknews.org/2013/06/north-korea-and-syrian-chemical-and-missile-programs/ and Robin Hughes, "SSRC: spectre at the table", *Jane's Defence Weekly*, 22 January 2014.

[24] "DPRK refutes false rumour about its involvement in military operations in Syria", *KCNA*, 14 November 2013.

- Experience has shown that not all inspections and seizures of prohibited items are immediately reported to the Committee, despite this being required by the resolutions (implications of non-reporting are examined in section IV).
- The Panel continues to accumulate information on past, ongoing or new arms-related cooperation. This shows that the Democratic People's Republic of Korea is actively involved in services or assistance related to the manufacture, maintenance or use of arms. The Panel doubts that all existing illicit cooperation has been identified or that no new customers will be found.
- The most recent instances of seizure and inspection show that the Democratic People's Republic of Korea is increasingly using multiple and tiered circumvention techniques. This may have resulted in fewer interdictions.
- It is still too early for the new and reinforced measures imposed by resolution 2094 (2013) to significantly impact prohibited activities. For example, the Panel is not aware that the catch-all provision (in para. 22 of the resolution) has been used to prevent the transfer of any items that could contribute to prohibited programmes or activities.

A. Implementation of the embargo on nuclear, other weapons of mass destruction and ballistic missile-related items

43. During the period under review, one Member State reported to the Committee an inspection of an air shipment that the Panel found to contain ballistic missile-related items. The Panel continued to investigate nuclear and ballistic missile-related shipments previously seized and reported by Japan and the Republic of Korea. These cases show the difficulties faced by Member States in determining if the inspected items (especially in subcomponent form rather than complete assemblies) are prohibited. Determining the exact nature and characteristics of inspected items often requires technical expertise and means beyond some Member States' resources.

44. The Panel also investigated the foreign-sourced items found in the Unha-3 debris, which revealed the use of off-the-shelf items or items just below prohibited parameters, which are then assembled or integrated into systems or subsystems. Information about the new acquisition of computer numerically controlled machine tools and their components also indicates that the precision manufacturing capability of the Democratic People's Republic of Korea remains dependent on foreign procurement.

Ballistic missile-related shipment inspected by a Member State

45. In September 2013, a Member State reported to the Committee that it had inspected in May 2013 an air shipment stated to contain "machine spare parts" and "relays" intended for use in "freezing carriers", "fish-factory mother ships", "fish-processing machines" and "old ships". The shipment was suspected to have originated from and/or been brokered by the Democratic People's Republic of Korea. The Member State requested the assistance of the Panel to determine whether the items found in the cargo were prohibited by the resolutions.

46. The Panel found that none of the items in the cargo met the criteria defined by the lists of prohibited items, material, equipment, goods and technology related to

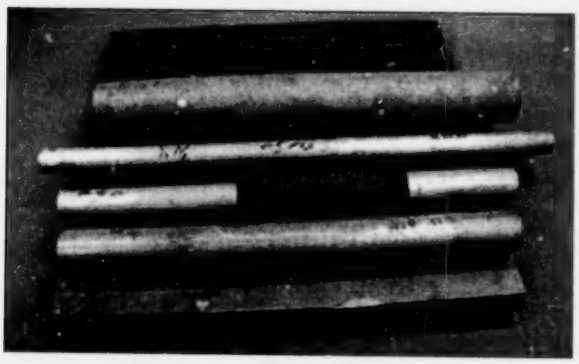
nuclear, other weapons of mass destruction and ballistic missile programmes. However, all the items were spare parts or other items related to Scud ballistic missile systems. In the Panel's view, they were arms and related materiel whose export and brokering by the Democratic People's Republic of Korea is prohibited by paragraph 8 (b) of resolution 1718 (2006), as modified by paragraph 9 of resolution 1874 (2009), and paragraph 7 of resolution 2094 (2013).

47. The Panel also concluded that the cargo had originated from the Democratic People's Republic of Korea. The Panel further considered that the official lines of business of the consignee, an entity involved in the development, production and sale of advanced products with military and commercial applications, did not appear consistent with the declared descriptions for the items. The Panel continues its investigation.

Nuclear-related items seized by Japan

48. In March 2013, Japan reported to the Committee that it had seized five aluminium alloy rods found onboard the container ship *Wan Hai 313* (IMO number 9248708) in August 2012.[25] Japanese authorities determined that the rods (see figure IV) originated from the Democratic People's Republic of Korea and met the criteria of IAEA document INFCIRC/254/Rev.7/Part 2. According to information published by Japan, they were shipped via Dalian, China, and were bound for a third country.

Figure IV
Aluminium rods found onboard *Wan Hai 313*



Source: Panel of Experts.

49. The Panel examined the items in Japan and obtained information on the possible manufacturer and entities involved. The carrier, Wan Hai Lines, Ltd, and Japan provided information on a confidential basis.

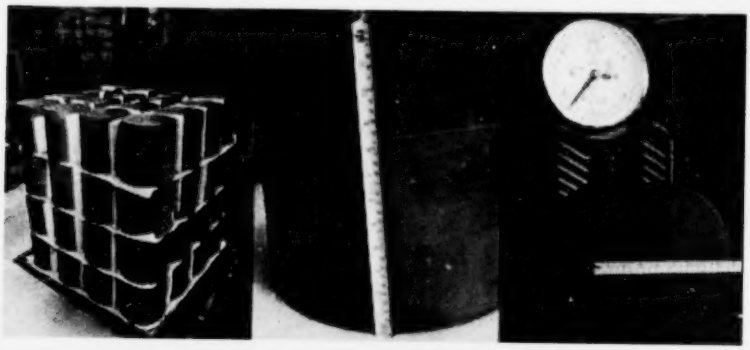
50. In January 2014, in response to the Panel's inquiry, Chinese authorities confirmed that the shipment had originated from the port of Nampo and said that the declared destination port was in Myanmar. They also reported that the declared consignor was an entity named Korea Kumpyo Trading. The Panel continues its enquiries and has requested further information from Myanmar.

[25] See S/2013/337, para. 66.

Ballistic missile-related shipment seized by the Republic of Korea

51. The Panel has concluded its investigation into the ballistic missile-related shipment seized by the Republic of Korea in May 2012 (see figure V) and submitted its incident report to the Committee.[26] It concluded that the shipment constituted a violation of paragraph 8 (b) of resolution 1718 (2006), prohibiting the Democratic People's Republic of Korea from exporting items in the ballistic missile-related list (S/2012/235).

Figure V
Graphite cylinders seized by the Republic of Korea



Source: Panel of Experts

52. The Panel determined that the real consignor was Dalian Liaosin Trading Company, Ltd (see table 1) and the consignee was Electric Parts Com. According to information provided by the Republic of Korea, both companies acted on behalf of Korea Tangun Trading Corporation, an entity designated by the Committee in July 2009[27] and involved in a previous missile-related shipment seized in October 2007 on its way to the Syrian Arab Republic.[28] Dalian Liaosin Trading Company, Ltd advertises that it has maintained a close, long-standing business relationship with many entities in the Democratic People's Republic of Korea.[29] The company is also one of the four subsidiary companies of Liaosin Group.

[26] A summary of this incident was included in the Panel's previous final report (S/2013/337, paras. 44-46).

[27] See S/2009/364.

[28] See S/2012/422, para. 57.

[29] Dalian Liaosin Trading Co. Ltd. trades in various items (including minerals, chemicals, electronics, machine tools and textiles) and has a representative office in Pyongyang and a molybdenum ore processing plant in Hamhung. It was listed in the Liaosin Group's corporate website (www.liaosin.com) accessed via *Wayback Machine*.

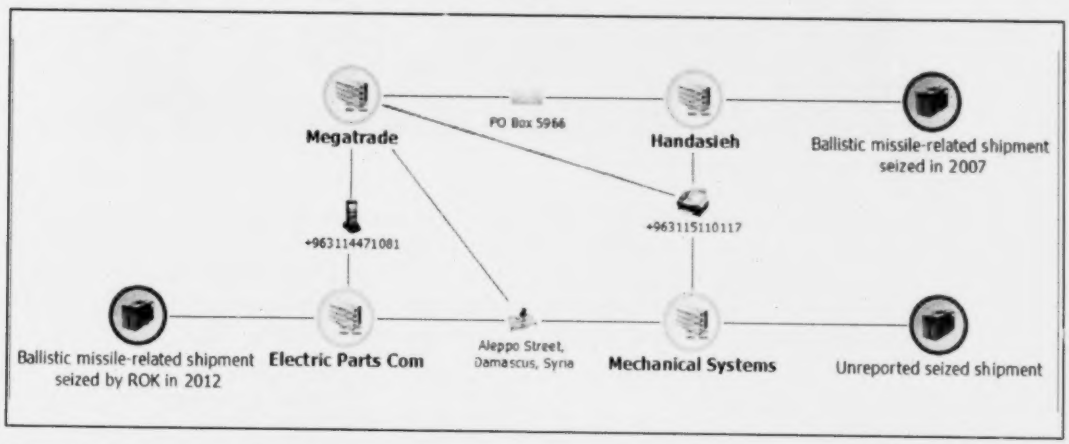
Table 1
Information on Dalian Liaosin Trading Company, Ltd

Address	22 # 14-1 Dalian Tsinghua Park, Zhongshan District, Dalian, Liaoning, China
Telephone	Tel: 86-411-8278-9796/8946, Fax: 86-411-8278-8901
E-mail	fuzh1991@yahoo.com, fuzh@liaosin.com
Representative	Fu Zhenhai[30]

Source: Panel of Experts based on public records.

53. The Panel's investigation further revealed that Electric Parts Com. has the same address, telephone and/or fax number as other entities involved in incidents of non-compliance investigated by the Panel and/or suspected to be front companies of the Syrian Scientific Studies and Research Center (see figure VI). The Center has been identified by certain Member States as being involved in the acquisition of sensitive items related to the weapons of mass destruction and ballistic missile programmes of the Syrian Arab Republic.[31]

Figure VI
Syrian network of companies involved in incidents



Source: Panel of Experts, various sources.

54. The Panel will report to the Committee, including any appropriate recommendations, when it has reviewed any new information from relevant Member States on the case.[32]

[30] An entity with a similar name, Liaosing Trading Company, is also registered in the name of Fu Zhenhaiin (富振海) Hong Kong, China.

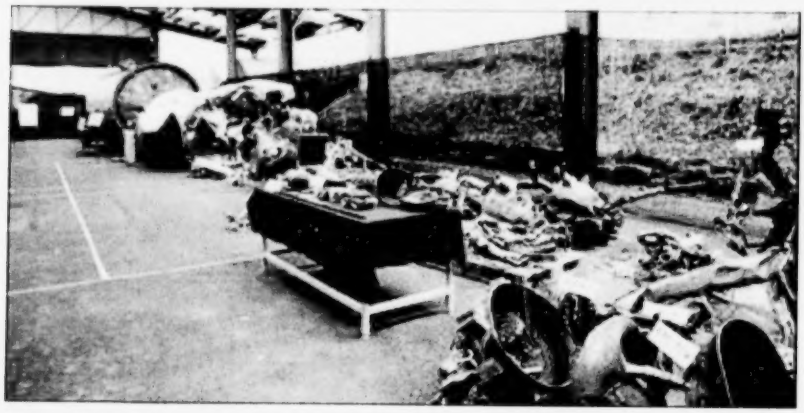
[31] United States, Department of the Treasury, "Three entities targeted by treasury for supporting Syria's WMD proliferation", press release, 4 January 2007. Available from www.treasury.gov/press-center/press-releases/Pages/hp216.aspx. Japan has also identified the Syrian Scientific Studies and Research Center as an entity of proliferation concern.

[32] Chinese authorities recently indicated they had no further information at present, but would further investigate the incident on the basis of new information provided by the Panel.

Unha-3 foreign-sourced components

55. As indicated in the Panel's previous final report, the debris of the Unha-3 rocket salvaged by the Republic of Korea in December 2012 contained a number of foreign-sourced components (see figure VII).[33] The Panel examined how these components were procured by the Democratic People's Republic of Korea. The 14 different types of items provided enough information to identify their manufacturer, but only a few had readable serial numbers. The others had no serial numbers or were too damaged to permit identification.

Figure VII
Recovered debris of Unha-3



Source: Panel of Experts.

56. Panel analysis shows that the items had been manufactured by companies in a number of different countries (see table 2). In order to verify and gather evidence, the Panel requested information from all six Member States concerned. Four Member States provided detailed information and Switzerland said it would share further information upon conclusion of its own investigations. The United States has yet to reply.

Table 2
Foreign-sourced components found in the Unha-3 debris

	Items	*Quantity*	*Country of manufacture*	*Comment(s)*
1.	Radial ball bearings	4	Former USSR	Might have been produced in the 1980s
2.	Temperature transmitters	2	United Kingdom	Sold by manufacturer in 2011
3.	Pressure transmitters	5	United Kingdom	Sold by manufacturer in November 2006 and April 2010
4.	Pressure switches	4	Former USSR	Cannibalized Scud part
5.	Electric cable	N/A	China	
6.	Resistor	1	United Kingdom	Could not be tracked due to insufficient identifiers

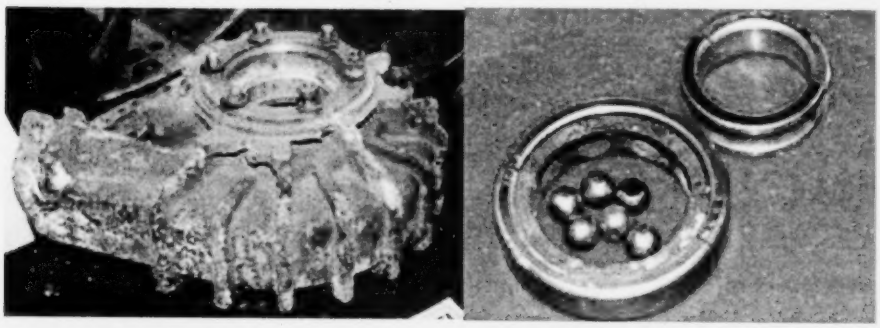
[33] See S/2013/337, para. 33.

	Items	Quantity	Country of manufacture	Comment(s)
7.	DC to DC converters	4	Switzerland	
8.	Electromagnetic interference filters	4	China	
9.	Operational amplifiers	About 30	United States	
10.	Field-programmable gate array	1	United States	
11.	Synchronous dynamic random-access memory	2	United States and Republic of Korea	Items manufactured by companies in the Republic of Korea were produced between 2003 and 2010. Could not be tracked due to insufficient identifiers
12.	CCD[34] camera	1	China	Produced in 2008
13.	Video decoder	1	United States	
14.	Interstage connector	1	Former USSR	Cannibalized Scud part

Source: Panel of Experts.

57. Almost all are off-the-shelf items that do not meet any of the specifications in the lists of prohibited items, in particular the ballistic missile-related list,[35] or other military specifications. Only one item listed, the radial ball bearings found inside the turbo pumps of the four rocket motors (see figure VIII), met some but not all of the criteria defined by this list.[36] The acquisition of components abroad for its prohibited programmes, despite its *Juche* philosophy of self-reliance, points to the limitations of its own industrial production capabilities. It also shows the ability of the Democratic People's Republic of Korea to assemble complex systems with globally sourced components.

Figure VIII
Turbo pump and radial ball bearings



Source: Panel of Experts.

[34] CCD stands for charge-coupled device.

[35] See S/2012/947 for the latest version of the list of prohibited items, materials, equipment, goods and technology related to ballistic missile programmes.

[36] Item 3.A.7 of S/2012/947 provides four specific criteria for prohibited radial ball bearings related to tolerance, inner and outer diameters and width. Another item found in the debris could fall into one of the categories of the newest version of the list. Some umbilical and interstage electrical connectors are now prohibited for import and export (see item 11.A.5 of S/2012/947).

58. Two of the items were cannibalized Scud parts (see figure IX). The supply chain for most of the other items proved difficult to identify owing to the wide availability, lack of unique identifiers and range of applications for these items. Only the supply chain for the five pressure transmitters could be traced. According to information provided by their manufacturer, they were acquired in 2006 and 2010 by an entity registered in Taiwan Province of China, already known for illicit exports to the Democratic People's Republic of Korea.

59. Nevertheless, all manufacturers contacted confirmed to the Panel that they did not sell such items to entities from the Democratic People's Republic of Korea. This indicates that such entities avoid direct purchases and favour acquisitions over-the-counter or through intermediaries based in third countries.

Figure IX
Cannibalized Scud parts (pressure switches and separation connector)

Source: Panel of Experts

Acquisition of computer numerically controlled machine tools and technology

60. On 10 May 2013, the United States designated an entity and an individual from Taiwan Province of China under Executive Order 13382.[37] According to the information released, Chang Wen-Fu, the chief executive officer of Trans Multi Mechanics Co., Ltd, has been actively involved in the procurement of dual-use machinery for the Democratic People's Republic of Korea. Furthermore, Trans Multi Mechanics was used by Hsien Tai Tsai (also known as Alex Tsai) to procure and ship hundreds of thousands of dollars' worth of equipment to the Democratic People's Republic of Korea and to negotiate contracts on behalf of its entities or individuals.

61. As previously reported by the Panel, Alex Tsai and his son, Yueh-Hsun Tsai, (also known as Gary Tsai) were indicted in May 2013 by the United States for, among other things, exporting or attempting to export between 2009 and 2010 a machine tool that could be used to produce weapons of mass destruction.[38] The criminal complaints allege the machine tool was shipped from the United States to

[37] United States, Department of the Treasury, "Treasury sanctions Taiwan proliferators linked to North Korea", 10 May 2013. Available from www.treasury.gov/press-center/press-releases/Pages/jl1935.aspx.Executive Order 13382 is aimed at freezing the assets of proliferators of weapons of mass destruction and their supporters.

[38] S/2013/337, para. 61.

Taiwan Province of China.[39] The Panel considers it highly likely that the Democratic People's Republic of Korea was its ultimate destination, considering Alex Tsai's past illicit procurement activities.

62. Alex Tsai and one of his companies, Trans Merits, were convicted in Taiwan Province of China in 2008 for forging invoices and shipping restricted materials to the Democratic People's Republic of Korea. In 2009, Alex Tsai, his wife, Trans Merits and another of his companies, Global Interface Company, were designated by the United States under Executive Order 13382 for providing support to Korea Mining Development Trading Corporation (KOMID)[40] and other entities of the Democratic People's Republic of Korea.[41]

63. The Panel will examine further information from the trial about non-compliance with the resolutions and research the activities of the individuals and entities named above.

B. Implementation of the arms embargo

64. The incidents reported to the Committee and the information collected by the Panel show that the Democratic People's Republic of Korea has been, and remains, actively engaged in trade in arms and related materiel in violation of the resolutions. Although the precise income it earned from this trade is subject to debate, there is no question that it is one of the country's most profitable revenue sources.

65. The Democratic People's Republic of Korea exports weapons and ammunition, but it also exports services or assistance related to the manufacture and maintenance of arms and related materiel. Since 2009, the Panel has gathered evidence showing that it is active in the refurbishment of arms produced in the former Soviet Union in the 1960s and 1970s, such as jet fighters, surface-to-air missile systems or anti-aircraft cannons, submarines, main battle tanks, armoured personnel carriers, howitzers, multiple rocket launchers and mortars. If the level of equipment and technologies required is not too high, it refurbishes the arms and related materiel abroad.[42] The necessary spare parts and other items are then shipped from the Democratic People's Republic of Korea or procured abroad and shipped directly to the customer. If the level is too high, the arms and related materiel are refurbished in its own territory.

66. The Democratic People's Republic of Korea seems to have an advantageous position in this market for several reasons:

---

[39] United States, United States District Court, Northern District of Illinois, Eastern Division, "United States of America v. Hsien Tai Tsai, also known as 'Alex Tsai'", Criminal Complaint, 23 October 2012. Available from www.ice.gov/doclib/news/releases/2013/130506chicago1.pdf; and "United States of America v. Yueh-Hsuan Tsai, also known as 'Gary Tsai'", Criminal Complaint, 19 April 2013. Available from www.ice.gov/doclib/news/releases/2013/130506chicago2.pdf.

[40] KOMID was designated several months later by the Committee as the primary arms dealer and main exporter of goods and equipment related to ballistic missiles and conventional weapons of the Democratic People's Republic of Korea (S/2009/222).

[41] United States, Department of the Treasury, "Treasury designation of Taiwan entities and individuals", 16 January 2009. Available from http://2001-2009.state.gov/r/pa/prs/ps/2009/01/115019.htm.

[42] See S/2012/422, para. 71.

- A progressive reduction in the number of competitors. Today, fewer companies offer such refurbishment options for vintage equipment due to an attrition of know-how or a lack of economic rationale (maintaining refurbishment capacity is considered unprofitable). Two countries found to have contracted with it indicated to the Panel that the Democratic People's Republic of Korea was one of the few options they had, if not the only one.
- Prices much lower than those of the few remaining competitors. Rising prices in the former Soviet Union countries leave it with a competitive advantage.

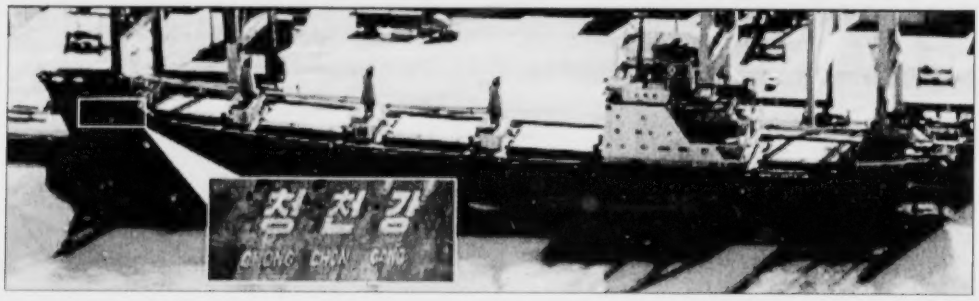
67. The Panel has also found that, eight years into the sanctions, the Democratic People's Republic of Korea continues to benefit from a lack of understanding, in particular among its long-standing partners, of the scope of the arms embargo. Not all Member States have yet realized that it also applies to services or assistance related to the provision, manufacture, maintenance or use of such arms or materiel.

68. **The Panel recommends that the Committee, with the assistance of the Panel, issue an IAN reminding Member States that the embargo on all arms and related materiel encompasses services or assistance related to the provision, manufacture, maintenance or use of arms or materiel.**

Arms shipment seized by Panama

69. In July 2013, Panamanian authorities stopped and inspected the Democratic People's Republic of Korea-owned and -flagged general cargo vessel *Chong Chon Gang* (see figure X) on the Atlantic side of the Panama Canal. Concealed under more than 200,000 bags of sugar, they found items believed to be arms and related materiel.

Figure X
Chong Chon Gang



Source: Panel of Experts.

70. The Panel concluded in its incident report submitted to the Committee that both the shipment itself and the transaction between Cuba and the Democratic People's Republic of Korea were sanctions violations. The case is summarized below. Aspects of the case relevant to the detailed concealment techniques employed are contained in paragraph 124 of the present report, and those relevant to the financial transactions are contained in paragraph 179. In addition, details on the cargo found onboard are contained in annexes VII and VIII and documentation relating to the incident is contained in annexes IX to XXVII, and XXXV. The Panel

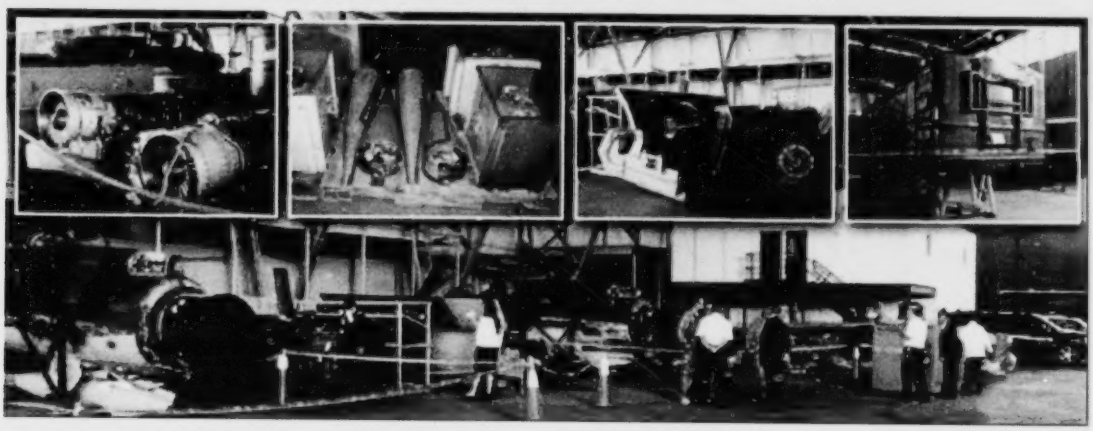
also submits a confidential annex relating to this incident for the attention of the Security Council and the Committee (annex VI).

71. The Panel's investigations in Panama sought to establish the background to the shipment from the physical evidence of the cargo, documents found onboard the vessel, interviews with the crew and consultations with the Panamanian authorities.

72. The Panel found that the hidden cargo (see figure XI, a complete list at annex VII and detailed analysis at annex VIII) amounted to six trailers associated with surface-to-air missile systems and 25 shipping containers loaded with two disassembled MiG-21 aircraft, 15 engines for MiG-21 aircraft, components for surface-to-air missile systems, ammunition and miscellaneous arms-related materiel. This constituted the largest amount of arms and related materiel interdicted to or from the Democratic People's Republic of Korea since the adoption of resolution 1718 (2006).

Figure XI

General view of arms found onboard *Chong Chon Gang*. In inserts: MiG engines with cases, missile components, radar component and command vehicles



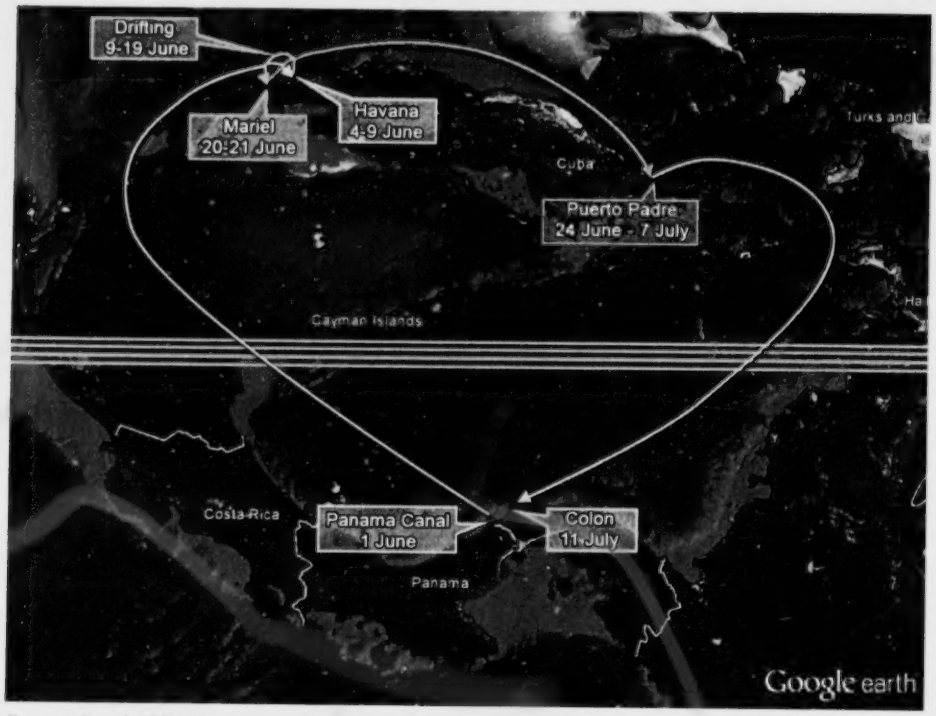
Source: Panel of Experts.

73. The *Chong Chon Gang* (IMO number 7937317) is a general cargo vessel, built in 1977, not configured to carry standard maritime containers but to carry general cargo below deck in five large holds. It has always been Democratic People's Republic of Korea-owned and-flagged.

74. The Panel confirmed the route of the *Chong Chon Gang* was from Cuba to the Democratic People's Republic of Korea. The voyage plan and other ship's documents show that the vessel departed from the Democratic People's Republic of Korea on 11 April, refuelled at the Russian port of Vostochny between 11 and 17 April before sailing to Havana via the Panama Canal. No records show the ship stopping at any countries other than Cuba between exiting the Panama Canal on 1 June and its return passage on 11 July.

Figure XII

***Chong Chon Gang* calls in Cuba between 1 June and 11 July**



Source: Panel of Experts.

75. The ship's records and certificates of entrance into port found onboard allowed the Panel to reconstruct the vessel's route after it exited the Panama Canal and to identify all ports of call prior to sailing for Nampo (see figure XII). The *Chong Chon Gang* sailed around the western side of Cuba and from 4 to 9 June it docked in Havana, where it discharged inbound cargo (rolled steel plates and locomotive wheels). After departing Havana, the ship spent considerable time drifting north of Cuba. On 20 June, the ship docked in the port of Mariel, where it took onboard the arms and related materiel. On 22 June, the *Chong Chon Gang* sailed to Puerto Padre, docking on 24 June to load sugar. On 5 July, it began its return voyage to Nampo.

76. On 16 July, the Ministry of Foreign Affairs of Cuba released a statement acknowledging ownership of the arms and related materiel and stating that they were being shipped to be repaired and returned. Cuba argued later to the Panel and in a report to the Committee that there was no "supply, sale or transfer" (as required by para. 8 (a) of resolution 1718 (2006)) since Cuba retained "ownership" of the cargo. Furthermore, it argued that "maintenance", as set out in paragraph 8 (c) of resolution 1718, was distinct from "repair", which Cuba claimed was the basis of its contract with the Democratic People's Republic of Korea. Cuba also invited the Panel to visit Havana for consultations with the Panel, when it stated that all arms and related materiel were being sent for "evaluation, diagnosis and repair".

77. On 17 July, the Democratic People's Republic of Korea Ministry of Foreign Affairs stated that the arms were of Cuban origin and being transported for overhaul under a contract between the two countries.

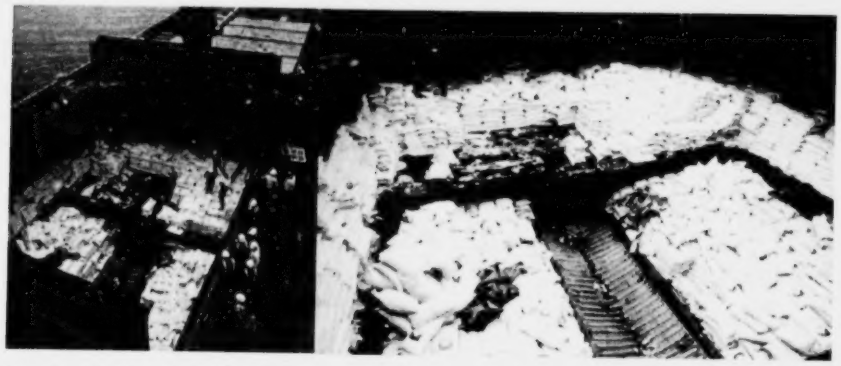
78. Following its investigation, the Panel confirmed the contents of the concealed consignment found onboard the *Chong Chon Gang* were arms and related materiel en route from Cuba to the Democratic People's Republic of Korea and considered that:

- The shipment was in violation of paragraphs 8 (a) (i) of resolution 1718 (2006) as modified by paragraph 10 of resolution 1874 (2009) prohibiting the direct or indirect supply, sale or transfer to the Democratic People's Republic of Korea of all arms and related materiel.
- The transaction between the Democratic People's Republic of Korea and Cuba was in violation of paragraph 8 (c) of resolution 1718 (2006) and paragraph 9 of resolution 1874 (2009), as clarified by paragraph 7 of resolution 2094 (2013), adopted to prevent the provision of technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of such arms or materiel by the Democratic People's Republic of Korea, its nationals or from its territory.
- The Panel is unconvinced by Cuba's rationale to distinguish "maintenance" and "repair." Both are services or assistance related to the provision, manufacture, maintenance and use of arms and related materiel that the Democratic People's Republic of Korea shall not provide under paragraph 8 (c) of resolution 1718 (2006) and paragraph 9 of resolution 1874 (2009). Similarly, introducing an alternative interpretation of *ownership* relating to *transfer*, would permit the loan or lease of arms and related materiel, thereby crippling the arms-related and weapons of mass destruction-related embargoes imposed by the resolutions.

79. The actions taken by the Government of Panama were in full compliance with relevant resolutions and set a sound precedent for future interdictions. With respect to the future of the cargo, the Government of Panama is obligated to dispose of prohibited items in a manner that precludes the transfer of arms and related materiel to originating or destination States (para. 14 of resolution 1874 (2009) and para. 8 of resolution 2087 (2013)). At the time of preparation of the present report, the Panel understands that the ship, crew and cargo remain in Panama, although Panama has announced the release of 32 members of the crew and that the ship may be released upon payment of a fine.

80. The extraordinary and extensive efforts to conceal the cargo of arms and related materiel (see figure XIII and para. 124), and the contingency instructions (annexes IX to XII) found onboard the vessel for preparing a false declaration for entering the Panama Canal (annexes XIV to XVIII), if required for transit, point to a clear and conscious intention to circumvent the resolutions.

Figure XIII
Containers hidden under bags of sugar



Source: AP Photo/Amulfo Franco.

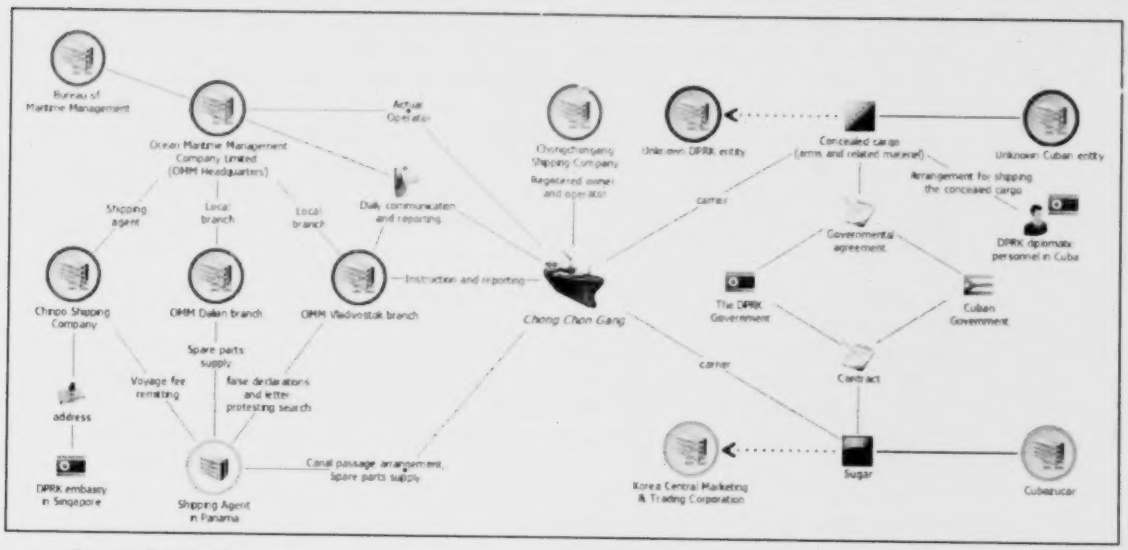
81. The concealment methods employed also flouted international regulations and safety practices and Canal regulations. The transportation of undeclared weapons and explosives in this manner posed a significant danger to all persons and facilities in proximity to the ship and should be a cause of concern among shippers, port authorities, the international maritime community and insurers.

82. While the Chongchongang Shipping Company is listed[43] as the owner/operator of the vessel, the Panel found the actual operator/manager, Ocean Maritime Management Company, Ltd, (OMM) played a key role in arranging the shipment of the concealed cargo of arms and related materiel (see figure XIV). Despite the ship not being listed as part of its fleet,[44] OMM operated the *Chong Chon Gang* on this voyage via its headquarters in Pyongyang and its regional branch office in Vladivostok, Russian Federation, while its Dalian office arranged for spares. OMM also made use of the Singapore-based Chinpo Shipping Company, Pte., Ltd for the payment of costs related to the voyage (see annex XIII). The employment of so many role-players in support of the ship suggests a network of entities, centrally managed, working together to deflect scrutiny in order to evade sanctions by minimizing the visibility of the Democratic People's Republic of Korea in transactions.

[43] See Lloyds List Intelligence (www.lloydslistintelligence.com/) and Equasis (www.equasis.org/).
[44] Lloyds List Intelligence and Equasis.

Figure XIV

Organizational chart depicting linkages related to the *Chong Chon Gang*



Source: Panel of Experts.

83. The Panel found that the captain received and acted upon "secret" instructions (see annexes IX and X) regarding the loading and concealment of the undeclared cargo. He also had a list of the containers and trailers showing part of them to be arms and related materiel (see annex XXVII). Communications between the captain and OMM (see annexes XI and XII) employing code words show that OMM had knowledge of these instructions. Further, OMM knew that the vessel had loaded and was carrying 25 shipping containers and 6 trailers hidden below 10,000 tons of sugar, but repeatedly and falsely stated to Panamanian authorities and the ship's local agent that the vessel was carrying only sugar (see annexes XIV to XVIII).

84. In response to the Panel's enquiry, the OMM branch in Vladivostok confirmed (see annex XIX) that their company was in charge of the operation and management of the vessel, but denied any responsibility for the arms and related materiel shipment ("no relation to the Cuban military hardware") and having knowledge of the "secret" instructions, and stated that it only gave instructions for the sugar to be loaded.

85. Evidence found on the ship (see annexes XX and XXI) pointed to involvement of Democratic People's Republic of Korea embassy staff in Cuba. Contact phone numbers and records found in the captain's notes led the Panel to conclude that embassy officials in Havana were engaged in making arrangements for the shipment of the consignment of arms and related materiel, including the payment methods.

86. The Panel also learned that Chinpo Shipping Company, as well as two other companies, are co-located with the Democratic People's Republic of Korea Embassy in Singapore (see annexes XXII to XXIV).[45] Chinpo told the Panel that it was

[45] The address of the Democratic People's Republic of Korea embassy in Singapore is: 7500 Beach Road, Room #09-320 (www.mfa.gov.sg and http://app1.mfa.gov.sg/pdf/dipconopen.pdf).

"acting as shipping agent in Singapore for Ocean Maritime Management Co., Ltd, and their representative Ocean Russia D".[46]

87. The Panel sought to identify the consignor and consignee of the arms shipment. Documents found onboard show the consignor of the sugar to have been Cubazucar, and the consignee, Korea Central Marketing and Trading Corporation (see annexes XVI and XVII). No similar documents were found relating to the concealed cargo. In its consultations with the Panel, Cuba confirmed the parties involved in the sugar and said that the arms shipment was part of a governmental agreement. It declined, however, to give the Panel copies of these agreements, citing confidentiality clauses in the contracts. The Panel is not, therefore, able to identify the entities or individuals involved in these agreements.

88. The Panel has attempted to contact the entities involved and has received replies from the OMM branch in Vladivostok and Chinpo Shipping. In its replies (see annex XIX), OMM presents itself as "OMM Vladivostok". Neither the OMM branch in Vladivostok nor Chinpo Shipping responded to the Panel's request for further information about Chongchongang Shipping Company. Singapore has informed the Panel it is investigating Chinpo Shipping, and the Panel has also asked China and the Russian Federation for information regarding the OMM branches in Dalian and Vladivostok. The Russian Federation provided information in a note verbale dated 18 February 2014 (see annex XXXV).

89. The Panel made the following two recommendations in its incident report:

- The Committee draws the attention of Member States authorities and members of the shipping industry to the concealment techniques that were employed in this case, the extent of which demonstrates the importance of applying rigorous due diligence to verify the content of cargo originating from or destined to the Democratic People's Republic of Korea, the validity of documents presented and the identities of all entities and individuals involved.
- The Committee encourages Member States to review their agreements with the Democratic People's Republic of Korea, particularly those involving military-to-military cooperation and signed before 2006, as they might contain terms or elements inconsistent with the arms and related materiel measures imposed by the relevant Security Council resolutions.

Reported arms cooperation with Myanmar

90. Despite the repeated pledges made by Myanmar authorities in 2012 that the country would abide by the resolutions, including the embargo on arms and related materiel, new information suggests possible ongoing arms-related cooperation with the Democratic People's Republic of Korea.

91. In July and December 2013, the United States designated two individuals and three entities pursuant to Executive Order 13619 targeting those involved in arms trading between the Democratic People's Republic of Korea and Myanmar.[47]

[46] This name was used by the Vladivostok branch of OMM in documents found on the vessel.

[47] United States, Department of the Treasury, "Treasury designates Burmese Lt. General Thein Htay, Chief of Directorate of Defense", Press Release, 2 July 2013; and "Treasury designates Burmese companies and an individual with ties to the Directorate of Defense Industries", Press Release, 17 December 2013. Available from www.treasury.gov/press-center/press-releases/Pages/jl1998.aspx and www.treasury.gov/press-center/press-releases/Pages/jl2247.aspx.

According to the information released, the individuals, Lt. General Thein Htay and Lt. Colonel Kyaw Nyunt Oo, were personally involved in illicit arms trade. Both are key members of Myanmar's Directorate of Defense Industries, which was designated in July 2012 under Executive Order 13619 for its continued acquisitions from the Democratic People's Republic of Korea.[48] Two of the three designated entities, Soe Min Htike Co., Ltd and Excellence Minerals, were working as recently as June 2013 with Democratic People's Republic of Korea officials to import material for military weapons programmes. As of December 2012, the third entity, Asia Metal, constructed buildings and supplied construction materials on a factory compound of the Directorate of Defense Industries where approximately 30 Democratic People's Republic of Korea nationals were still working.

92. As previously reported by the Panel, the Directorate of Defense Industries was the consignee of machine tools illicitly shipped from Japan. These machine tools can be used to produce missile gyroscopes. Their shipments were arranged by a Democratic People's Republic of Korea front company.[49]

93. The Panel has recently written to the United States seeking additional information about the activities to assess whether the resolutions were violated.

Arms-related cooperation with Eritrea

94. The Somalia Eritrea Monitoring Group recently obtained and published new evidence that a shipment of machine tools in May 2011 (see figure XV) may have been part of ongoing arms-related cooperation between the Democratic People's Republic of Korea and Eritrea.

95. As previously reported by the Panel, the authorities of an East African country told the Committee in 2012 that they had inspected a cargo destined for Eritrea, suspected to have originated in the Democratic People's Republic of Korea and to contain prohibited items.[50] Initial analysis determined that these machines did not meet the criteria in the lists of prohibited items, materials, equipment, goods and technology. Furthermore, at that time, no particulars of the cargo suggested that these machine tools were shipped in relation to any arms-related cooperation with Eritrea.

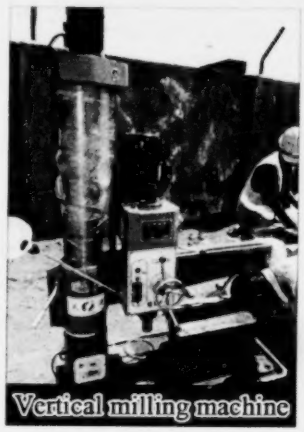
[48] United States, Department of the Treasury, "Joint fact sheet from U.S. Treasury and State Departments: Administration eases financial and investment sanctions on Burma", Press Release, 11 July 2013. Available from www.treasury.gov/press-center/press-releases/Pages/tg1633.aspx.

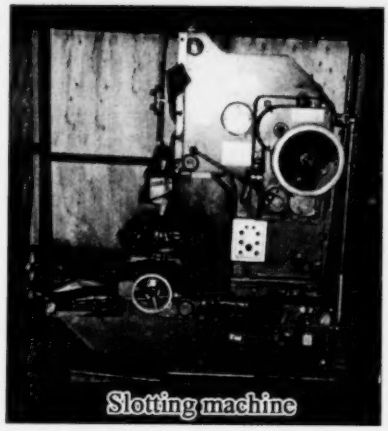
[49] See S/2012/422, para. 91.

[50] See S/2013/337, paras. 80-81.

Figure XV
Shipment of machine tools

Turret milling machine


Vertical milling machine


Slotting machine

96. However, the Monitoring Group determined that the declared consignee of the shipment, the Public Technical Services Centre, was an alternative name for the Department of Governmental Garages, an Eritrean entity responsible for, among other things, the maintenance and refurbishment of weapons systems.[51] Furthermore, an Eritrean military defector recognized the machine tools as being the same as others located inside the weapons facility of the Department of Governmental Garages and used to refurbish weapons systems.[52] Finally, the Monitoring Group cited multiple consistent sources that confirm that the Green Pine Associated Corporation, a major Democratic People's Republic of Korea arms exporter designated by the Committee on 2 May 2012, provided "military and technical support" to the Department of Governmental Garages until at least 2010.[53]

97. In the light of this new information, the Panel reopened its investigations and requested information from the shipper and the maritime carrier. It is also awaiting a response to its request for information from the Eritrean authorities about this particular shipment and their cooperation with Green Pine Associated Corporation.

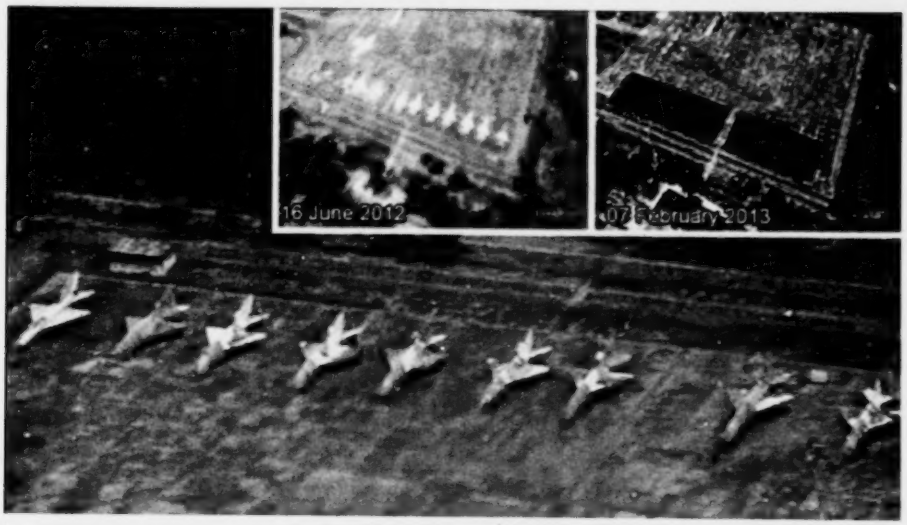
Possible arms-related cooperation with the United Republic of Tanzania

98. A media report alleged in August 2013 that around 18 military technicians from the Democratic People's Republic of Korea were involved in the refurbishment of Tanzanian F-7 fighter jets and other military aircraft based at Mwanza Air Force Base.[54]

---

[51] See S/2013/440, paras. 89-91.
[52] Ibid., paras. 89-91.
[53] Ibid., paras. 92-95.
[54] "The Dar Leader", *Africa Confidential*, 2 August 2013.

Figure XVI
F-7 at Mwanza Air Force Base (2010) and newly constructed sheds (2013)



Source: Hansueli Krapf (via Wikimedia Commons) and Google Earth.

99. The Panel confirmed that the Tanzanian People's Defence Force Air Wing has around 10 F-7[55] fighter jet aircraft based at Mwanza Air Force Base[56] and that new facilities to store these aircraft had recently been constructed (see figure XVI), a strong indication that the aircraft are operationally maintained. The Panel is awaiting a response to a request for information sent to the Tanzanian authorities in November 2013.

Possible supply of arms-related materiel to Ethiopia

100. The Panel has identified a possible connection between an Ethiopian ammunition producer and an entity from the Democratic People's Republic of Korea, which may be in violation of the arms embargo. An official company profile for Homicho Ammunition Engineering Industry lists an entity named "Korea Mineral Trading General Corporation" (KMTGC) as one of its major suppliers (see figure XVII).[57] Homicho Ammunition Engineering Industry is one of the entities composing the Metals and Engineering Corporation, an institution established by Ethiopia in 2002 to accelerate its industrialization. According to its profile, Homicho Ammunition Engineering Industry produces various types of ammunition, including bullets, tank shells and mortar bombs.

[55] Chinese upgraded equivalent of the MiG-21.

[56] It is unclear if the aircraft at Mwanza air base are old or newly acquired F-7. It is reported that the Tanzanian People's Defence Force had received a total of 14 new F-7 in 2011. "Tanzania — Air Force", *Jane's World Air Forces*, 16 December 2013.

[57] Profile available at www.metec.gov.et/index.php/en/metec-industries/homicho-ammunition-industry.

Figure XVII
Extracts of Homicho Ammunitions Engineering Industry profile

Homicho Ammunition Engineering Industry (HAEI) – Fact Sheet		
Company Background	Established in 1987 as Project 130, the company was designed to build the local manufacturing capacity of ammunition products. In 2010, the company was restructured under the Metals and Engineering Corporation (METEC) as the Homicho Ammunition Engineering Industry (HAEI).	
Major Suppliers	· Anton Spare Parts Trading GMBH Hamburg (Germany) · Communication and Accessories Int. (Italy) · Effective Laboratory (India) · HMT International Limited (India) · Korea Mineral Trading General Corporation	· North Industries Corporation (China) · Profilex (Czech Republic) · Serind S.P.A. (Italy) · Shiv Dial Sud and Sons (India) · West Kemper Engineering (Germany) · Poly, ALIT (China)

Source: www.metec.gov.et.

101. The Panel has confirmed that Korea Mineral Trading General Corporation is not an entity from the Republic of Korea and is therefore proceeding with its enquiries on the basis that it may be an entity from the Democratic People's Republic of Korea. The Panel recently sent a request for information to the Ethiopian authorities.

Cooperation with Uganda

102. It was reported in July 2013 that the Democratic People's Republic of Korea was providing training to the Ugandan police under a governmental agreement.[58] According to a Joint Communication by the Vice Minister of People's Security of the Democratic People's Republic of Korea and the outgoing Minister of Internal Affairs of the Republic of Uganda dated 17 June 2013,[59] the two countries had signed an agreement of mutual cooperation in July 2008, focusing on "Police-Police cooperation". As part of this cooperation, the Uganda Police Force would have received various forms of assistance, including basic training in martial arts, specialized training for its Marine Unit, as well as provision of medical expertise.

[58] "Exclusive: North Korean minister inspects Ugandan Police Force", *NK News*, 13 June 2013; and "North Korea trained Ugandan marines graduate", *NK News*, 2 July 2013. Available from www.nknews.org/2013/06/exclusive-north-korean-minister-inspects-ugandan-police-force/ and www.nknews.org/2013/07/north-korea-trained-ugandan-marines-graduate/.

[59] Uganda Police Force, Joint communication by the Vice Minister of People's Security of the Democratic People's Republic of Korea and the outgoing Minister of Internal Affairs, Hon. Hillary Onek, 17 June 2013. Available from www.upf.go.ug.

Figure XVIII
Vice Minister Ri Song Chol during his visit to Uganda in June 2013

Source: Stringer/AFP/Getty Images.

103. In order to determine if any aspects of this cooperation could be in violation of the arms embargo, the Panel sent a request for information to Uganda in November 2013. In December 2013, the Ugandan authorities responded to the Panel, stating that no equipment had been purchased from or supplied by the Democratic People's Republic of Korea to the Ugandan Police Force. Further, they indicated that it provided assistance only in the following fields:

(a) Martial art training to police officers;

(b) Marine rescue training (disaster management, maritime security and safety);

(c) Capacity-building of the Police Construction Unit;

(d) Security and technical training courses for the Ugandan Police Special Force, Police Construction Unit, Criminal and Forensic Investigation.

104. In January 2014, the Panel requested further information on the exact nature of the training provided, particularly to the Ugandan Police Special Force.

Ammunition found in Somalia

105. In February 2013, the media reported that weapons manufactured in the Democratic People's Republic of Korea had been found in stores in the African Union Mission in Somalia (AMISOM) in Mogadishu and raised the possibilities of multiple arms embargo violations.[60]

106. In July 2012, the Monitoring Group confirmed having found boxes of 14.5 mm heavy machine gun ammunition manufactured in the Democratic People's Republic of Korea at the AMISOM stores.[61] The Monitoring Group reported having determined

[60] Louis Charbonneau, "Exclusive: UN monitors see arms reaching Somalia from Yemen, Iran", *Reuters*, 10 February 2013.

[61] See S/2013/413, annex 6.1, paras. 74-76.

with the Panel of Experts on Libya that the boxes were part of a large consignment of 600 boxes originally delivered to Libya as part of a contract established in 1977. The Monitoring Group also indicated that the Panel of Experts on Libya was given access to boxes of the same contract and observed 1978 production year markings.

107. Nevertheless, because the date of entry into Libya of these boxes was unknown, the Monitoring Group concluded it could not be established whether there had been a violation of the arms embargo on the Democratic People's Republic of Korea. The Panel will review any new information that may result from the joint field mission, planned to be conducted by the Monitoring Group and the Panel of Experts on Libya.

Possible undetected arms shipment to the Islamic Republic of Iran

108. The Panel recently obtained information indicating that some items found in a large arms consignment (500 tons) shipped by the Islamic Republic of Iran to the Syrian Arab Republic in November 2009 may have originated from the Democratic People's Republic of Korea. This consignment was found by the Israeli Navy inside containers onboard the vessel *Francop* when en route from Damietta, Egypt, to Lattakia, Syrian Arab Republic.[62] It was considered to be a violation by the Islamic Republic of Iran of resolution 1747 (2007) prohibiting it from exporting any arms or related materiel.

109. Based on photographic evidence recently obtained, the Panel confirmed that:

- The shape and markings of the rocket fuses found onboard the *Francop* are similar to fuses seized in August 2009 on board the *ANL Australia* (see figure XIX)[63]
- 122 mm rockets bore markings similar to those of the 240 mm rockets found in the arms shipment seized in Bangkok in December 2009 (see figure XX)[64]
- The crates of the rocket fuses and 122 mm rockets were mislabelled as "parts of bulldozer" and "equipment for construction", a standard deceptive practice used by the Democratic People's Republic of Korea (see annex XXVIII on patterns of sanctions evasion)

110. The Panel therefore concludes that the rockets and fuses were highly likely to have been produced in the Democratic People's Republic of Korea. However, because the date of their transfers to the Islamic Republic of Iran is unknown, it cannot be established whether they would be in violation of the arms embargo.

[62] Israel, Ministry of Foreign Affairs, "Israeli naval force intercepts Iranian weapon ship", 4 November 2009.

[63] See S/2010/571, annex, para. 61 for more information on the arms shipment seized onboard the *ANL Australia*.

[64] See S/2013/337, paras. 75-79 for more information on the arms shipment seized in Bangkok.

Figure XIX
Fuses seized in August 2009 (bottom) and November 2009 (top)

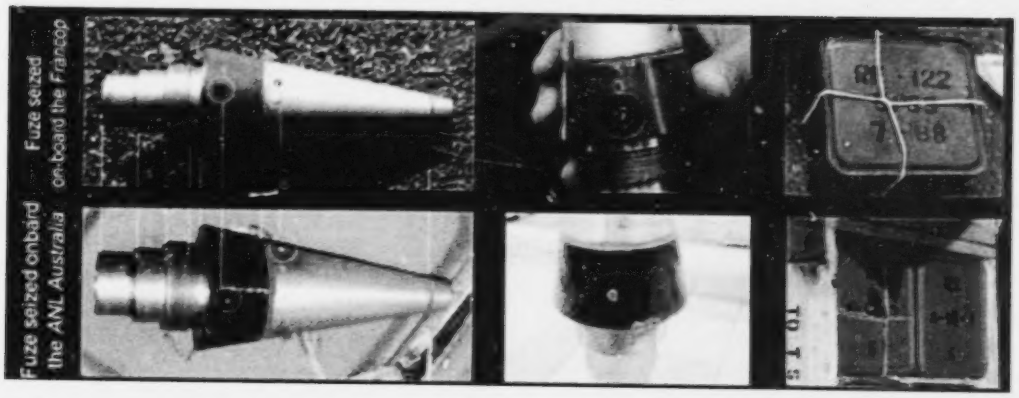
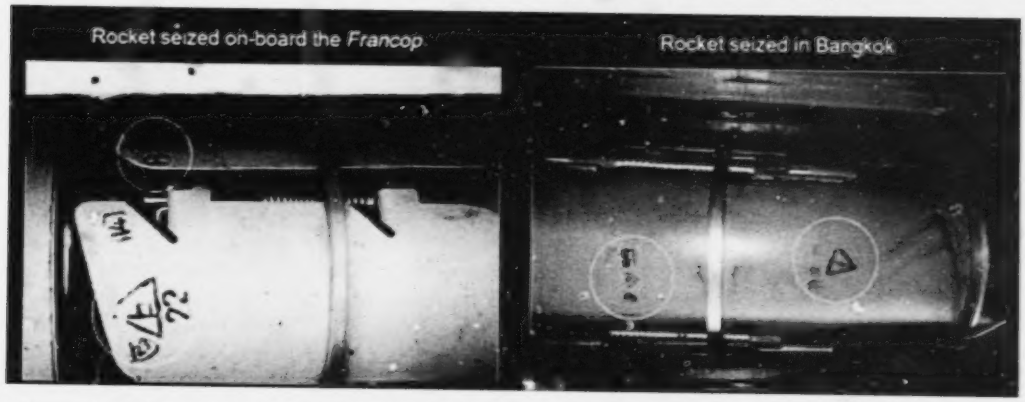


Figure XX
Markings on rockets seized in November 2009 (left) and December 2009 (right)



Sources: Panel of Experts and Israel Ministry of Foreign Affairs (via Flickr).

111. The Panel recently also obtained a photograph of remnants of a 333 mm FAJAR rocket launched at Israel in November 2012. It notes that the remnants of the rocket's fuse present some similarities with fuses produced in the Democratic People's Republic of Korea previously seized.[65] Here again, because the date of its transfer and the chain of custody are unknown, the Panel cannot determine whether there could be a violation of the arms embargo.

Alleged seizure of arms and related materiel by Turkey

112. It was alleged in August 2013 that Turkish authorities had intercepted a shipment of rifles and pistols (1,400), ammunition (about 30,000 rounds) and gas masks originating from the Democratic People's Republic of Korea.[66] The weapons

[65] See S/2013/337, paras. 71-74.

[66] Barbara Demick, "North Korea tried to ship gas masks to Syria, report says", *Los Angeles Times*, 27 August 2013.

were reportedly found onboard a Libya-flagged fishing vessel, named *Al Entisar* (IMO No. 8904044), when it called into Istanbul in April 2013. As this ship had already been involved in an alleged delivery of Libyan weapons to the Syrian Arab Republic in September 2012,[67] the Panel contacted the Panel of Experts on Libya. Its members indicated that they were investigating this new alleged incident involving the *Al Entisar* but so far had found no information suggesting possible involvement of the Democratic People's Republic of Korea. The Panel will examine further information obtained by the Panel of Experts on Libya.

Arms shipment seized by Thailand

113. In its 2013 final report, the Panel recommended three individuals for designation in relation to the arms shipment seized in Bangkok onboard an Il-76 that had departed from Pyongyang Sunan International Airport (see S/2013/337, paras. 75 to 79). On 12 June 2013, one of the individuals, a Kazakh national, submitted through his legal counsel a letter to the Chair of the Committee rebutting the Panel's allegations. The Panel subsequently exchanged letters with his legal counsel. The Panel has also been in contact with the other two individuals recommended for designation, both Ukrainian nationals. The Panel does not believe that the information provided thus far changes its conclusions that the actions of the three individuals contributed to activities prohibited by the resolutions. However, the Panel will continue to carefully examine this and future information provided and will further report and/or adjust its findings and recommendations to the Security Council and the Committee if necessary.

Reported seizure of submarine parts

114. The Panel continued to investigate the 2011 inspection of an air shipment of submarine parts brokered by an entity from the Democratic People's Republic of Korea (see S/2013/337, para. 82). According to information obtained, this air shipment was to be transported from a European country to a South-East Asian country, but was inspected at an international airport in Taiwan Province of China in February 2011. Furthermore, the Panel obtained information suggesting that the intermediary could be Green Pine Associated Corporation. The Panel recently sent a request for information to a company believed to be the air carrier. The Panel will continue its inquiries.

Attempt to acquire fighter jet aircraft parts from Mongolia

115. Since its reporting in the media in April 2013, the Panel has been in contact with Mongolian authorities regarding a contract signed in 2011 by a former Mongolian Air Force Commander to provide the Democratic People's Republic of Korea with engines, other spare parts and scrap from about 20 disused MiG-21 jet fighters.[68] The Mongolian authorities have recently invited the Panel for consultations on this case.

[67] See S/2013/99, paras. 183-188.

[68] See S/2013/337, paras. 83-85.

C. Implementation of the luxury goods ban

116. While no violation of the luxury goods ban was reported by Member States to the Committee during the period under review, the Panel is investigating possible sanctions violations reported in the media. Although in some instances a breach of the ban is clear, the Panel is yet to determine whether the luxury goods ban was violated in all of these cases.

117. The Panel's investigations have shown that effective implementation of the ban on luxury goods remains problematic. Different definitions of "luxury goods" mean that what would be a violation of the ban if directly exported from one country may not be if acquired from another. The Government of Switzerland informed the Panel that it prevented an attempt by the Democratic People's Republic of Korea to acquire ski lifts from Switzerland by changing its regulations regarding luxury goods to include "Infrastructure installations and equipment for sports facilities with luxury character (e.g. ski resorts and swimming pools)". By 14 August, an alternative supplier of ski lifts, a Chinese company ENFI Engineering Corporation, had already been contracted and, according to its website,[69] handed over all the ski lifts for the resort by 12 January 2014. Ski lifts would not fall into the categories of luxury goods defined in resolution 2094 (2013).

Masikryong ski resort

118. Reports in January 2014 regarding the opening of the Masikryong ski resort carried photographs of equipment from various foreign companies, such as Prinoth and Pisten Bully snow grooming equipment, Areco snow blowers and BRP snowmobiles.[70] Because definitions of luxury goods by Canada and the European Union could include such equipment,[71] the Panel contacted all manufacturers and Governments concerned.

119. In response to the Panel's inquiry, Italy confirmed that the Prinoth snow groomers are considered to be luxury goods by Italian authorities. They further indicated that none had been exported to the Democratic People's Republic of Korea, but that they could have been acquired from distributors located in other countries. Pisten Bully admitted having sold snow groomers to an entity in the Democratic People's Republic of Korea, but in 2003, before the adoption of the luxury goods ban. The Panel is awaiting replies from the other Governments and manufacturers.

Luxury yacht

120. The Panel investigated the acquisition of a luxury yacht shown in the media in June 2013 identified as being manufactured by Princess Yachts, a company based in Plymouth, United Kingdom.[72] The Panel consulted the United Kingdom and waits

[69] "China ENFI's 'Masik Pass Speed' — Korea Won San (Won Mountain) Masik Ridge/Pass ski cableway project enters into operation", 21 January 2014. (See www.enfi.com.cn).

[70] "Equipment at N. Korean ski resort may breach UN luxury goods sanctions", *NK News*, 2 January 2014.

[71] Canada's definition of luxury goods includes "sporting goods" and "automobiles and other motor vehicles", and the European Union's definition of luxury goods includes "articles and equipment for skiing".

[72] "Exclusive: Fit for a princess: Kim Jong Un's $7m yacht", *NK News*, 18 June 2013. Available from www.nknews.org/2013/06/exclusive-fit-for-a-princess-kim-jong-uns-7m-yacht/.

for further information. The exact model of the yacht, year of manufacture and date of delivery remain unknown.

Gifts given by Dennis Rodman and his party

121. The Panel also investigated allegations that Dennis Rodman and his party may have taken luxury items as gifts when he visited Pyongyang in September and December 2013 and January 2014. Media reports[73] corroborated by the Panel indicate that among items taken by Dennis Rodman and his party during their visits were sporting goods from various countries, five bottles of vodka (United States) taken by Rodman, and one bottle of whiskey (Ireland), two whiskey glasses and one whiskey decanter (Ireland) and a Mulberry handbag (United Kingdom) taken by Paddy Power, a company based in Ireland. Alcoholic beverages are included in the luxury items list of the United States, while European Council Regulation (EC) No. 329/2007 of 27 March 2007 includes in its definition of "luxury goods" high-quality wines (including sparkling wines), spirits and spirituous beverages, as well as high-quality lead crystal glassware and high-quality handbags. The Panel considers that this illustrates the importance of informing individuals and companies of their obligations under the resolutions. It is continuing its enquiries.

VII. Interdiction

122. The preponderance of sea shipments among reported interdictions (12 out of 14) may not reflect accurately the pattern of violations overall, but they illustrate the techniques used to evade detection, a summary of which, drawn from all cases investigated, is in annex XXVIII. The shipment found on the *Chong Chon Gang* sheds a different light on these techniques, given that normal commercial shipping channels were not being used, even though remarkable efforts were made to conceal the illicit cargo, reminiscent of earlier shipments intercepted before the imposition of sanctions.

123. The maritime industry is characterized by complex ownership and operator arrangements and those of the Democratic People's Republic of Korea are no exception, but are augmented by an intent to disguise the country's involvement and deflect scrutiny with a veneer of legitimate trading. A study commissioned by the Panel (see paras. 166-169) has helped to illustrate the arrangements for ownership and flagging, and identified some of the networks that underpin them, which show signs of possible connection to the Democratic People's Republic of Korea.

A. Techniques of sanctions evasion utilized by the *Chong Chon Gang*

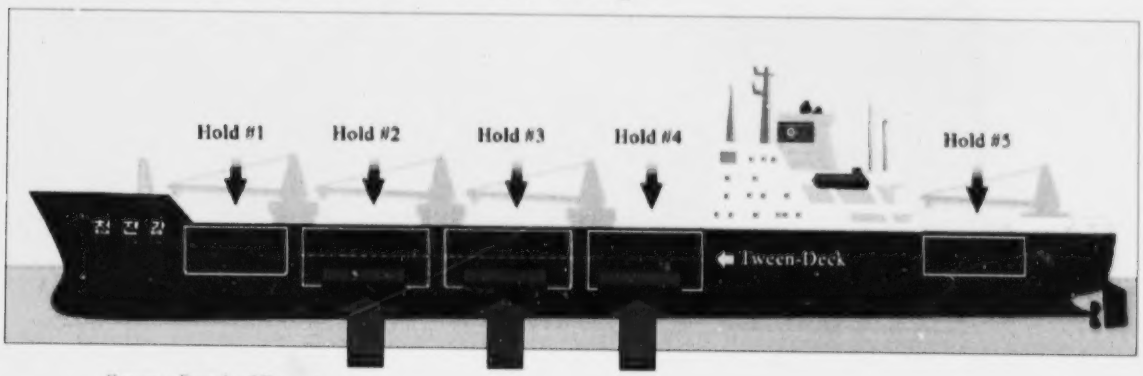
124. The incident involving the *Chong Chon Gang* revealed a comprehensive, planned strategy to conceal the existence and nature of the cargo. This was the first time the Panel had immediate and direct access to a Democratic People's Republic of Korea vessel interdicted by a Member State. It was to transit directly and thus did not benefit from the advantages of foreign flagging, trans-shipment or chartering, and required different concealment techniques, activities that would not have been

[73] Chad O'Carroll, "Paddy Power gifts to Kim Jong-un could have broken UN sanctions", *Daily Telegraph*, 10 January 2014.

discovered if the cargo had been considered a legitimate, commercial shipment. Some of the techniques utilized were:

- Careful operational secrecy within the crew and in communications, based on secret instructions restricted to senior personnel, detailing code words for communications with the ship's operators, and contingency instructions for false declarations of the cargo (see annexes IX to XII)
- Concealment and disguise of the ship's position by switching off the automatic identification system,[74] a system providing real-time information on a ship's location, after exiting the Panama Canal until re-entry to hide the ship's movements, particularly the docking in Mariel and drifting, and by falsifying the ship's logs
- Loading in Mariel[75] as opposed to Havana or Puerto Padre; the cargo was accepted by the ship without standard shipping documents, loading receipts, loading reports and cargo survey reports
- Intentionally failing to keep shipping agents in both Cuba and Panama informed as to the ship's movements and actual cargo
- Instead of loading the containers topmost (as would be recommended for dangerous cargo) the ship was adapted to load 40 foot containers deep in the hold so that they could be covered by three layers: sugar bags/tween deck hatch cover/sugar bags

Figure XXI
Cutaway indicating placement of concealed cargo



Source: Panel of Experts.

[74] The AIS is used to prevent collisions at sea, for vessel traffic management to ensure safe passage and for search and rescue purposes. SOLAS (Survival of Life at Sea), chapter V, regulation 19.2 on carriage requirements for shipborne navigational systems and equipment.

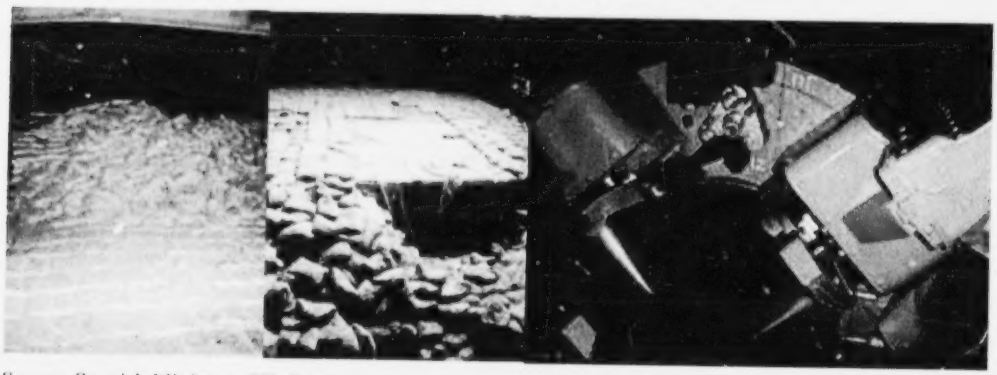
[75] Mariel is being developed as a major deep-water port and free trade zone by a Cuba-Brazil consortium, with the Cuban military controlled Almacenes Universal S.A. The port was previously a submarine base and its development was formally opened on 27 January 2014.

- Creating false pre-stowage plans for the cargo giving the impression that only sugar was loaded (see annex XXV)
- False declarations omitting the hidden cargo entirely from the manifest with no bill of lading for the illicit cargo (see annexes XV and XVI)
- Submitting a list of 10 previous ports of call (for Panama Canal passage) but omitting the port of Mariel (see annex XV)

125. At least some of these techniques had already been used in previous incidents, including before the imposition of the sanctions. In the interdiction in 2002 of the *So San*,[76] a Democratic People's Republic of Korea vessel, en route to Yemen from the Democratic People's Republic of Korea, the manifest listed only cement as the cargo, but an inspection revealed hidden under the bags of cement a shipment of 15 Scud B missiles, 15 conventional explosive warheads and 23 containers of rocket fuel (see figure XXII). In 1999, Indian customs (acting on a tip) searched the Democratic People's Republic of Korea-flagged vessel *Kuwolsan*, owned and operated by Korea Buhung Shipping Co., carrying a cargo of sugar. After overcoming crew resistance, they found crates of Scud missile components labelled "water refinement equipment" en route to Pakistan or possibly Libya (the manifest had been falsified) from the Democratic People's Republic of Korea.

Figure XXII

Containers of Scud parts below bags of cement onboard the *So San*



Source: Spanish Ministry of Defense.

[76] IMO No. 8020252, renamed *Chang Dok* on 14 July 2004. It was reflagged to the Democratic People's Republic of Korea on 2 October 2002. The registered owner was the Government of the Democratic People's Republic of Korea and the beneficial owner and operator was listed as Korea Kangsong General Trading Corporation, which was formed on 2 October 2002.

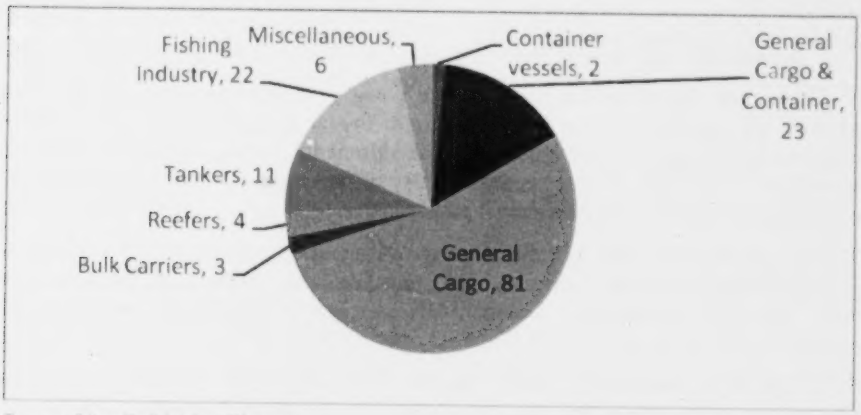
B. Transportation assets owned or controlled by the Democratic People's Republic of Korea

Maritime fleets

126. The total merchant fleet of the Democratic People's Republic of Korea is estimated at 240 vessels as at January 2014.[77] According to Lloyd's List Intelligence, the government merchant fleet[78] is characterized as follows (see annex XXIX for definition of terms):

- Beneficial owner: 152 vessels (see figure XXIII)
- Registered owner: 12 vessels
- Commercial operator: 30 vessels

Figure XXIII
Composition of merchant fleet beneficially owned by the Government of the Democratic People's Republic of Korea



Source: Lloyd's List Intelligence.

127. In paragraph 19 of its resolution 2094 (2013),the Security Council requests all States to communicate to the Committee any information available on transfers (including renaming and reflagging) of Democratic People's Republic of Korea aircraft or vessels to other companies, that may have been undertaken to evade sanctions or in violation of the provisions of the resolutions. Although no such reports have been made, the Panel has found instances of reregistering or reflagging Democratic People's Republic of Korea-owned or flagged vessels that took place after the adoption of the resolution (see annex XXX).[79] The Panel is unaware of the motives behind such reregistering/reflagging.

128. The Democratic People's Republic of Korea uses flags of convenience for the following cargo vessels (see table 3).

[77] NK News Vessel Tracker. www.nknews.org/north-korea-ship-tracking/.

[78] With the exception of four vessels, all are under the flag of the Democratic People's Republic of Korea; 140 are registered to companies based there. An explanation of the types of ownership is in paragraphs 132-138.

[79] Lloyd's List Intelligence and Equasis; tanker vessels are excluded.

Table 3
Use of flags of convenience in 2013

Flag state	*Vessel name*	*IMO No*	*Vessel type*	*Date since*
Belize	*East Wind*	4906525	Supply vessel	2 November 1994
Mongolia	*Victory 2*	8312227	General cargo	9 January 2012
Mongolia	*Kunjari*	9045182	General cargo	9 July 2003
Mongolia	*Kwang Myong*	8856962	General cargo	10 July 2003
Panama	*Woory Star 2*	8717910	General cargo	13 May 2011
Sierra Leone	*Global Nampo*	9000766	Container ship	4 November 2010
Sierra Leone	*New Hunchun*	9536272	General cargo	3 June 2010
St. Kitts and Nevis	*Rifat Macit*	6703812	General cargo	26 October 2005

Sources: Lloyd's List Intelligence and Equasis.

129. Documents found on the *Chong Chon Gang* provided the Panel for the first time with an example of how the Democratic People's Republic of Korea plans, arranges and manages international maritime shipments carried on its own vessels. It further demonstrated the complexities of monitoring vessel ownership, particularly in regard to the practices it employs.

130. The registered owner, beneficial owner and operator of *Chong Chon Gang* is Chongchongang Shipping Company, Ltd., but the real operator of the vessel is Ocean Maritime Management Company. No vessels are currently registered as owned by OMM, although it is the declared operator of 14 vessels.

131. According to documents found onboard, the *Chong Chon Gang* is subordinate to the Bureau of Maritime Management (해운관리국), which is under the Ministry of Land and Maritime Transportation (see annex XX). This relationship points to the likelihood that in shipping, as in other parts of the economy, government entities make use of alternate names or aliases for doing business abroad. It also calls into question the identification of vessels being legally owned by "private" companies in the Democratic People's Republic of Korea.

132. Excluding the Government, most of the registered owners of the Democratic People's Republic of Korea ships are small companies, owning only one or two vessels. Counter to a global trend of concentrated ownership, few own more than five. There may be many reasons for this practice, but it does have the advantage of compartmentalizing the potential adverse impact of financial asset seizure/freezing. In many cases, shipping companies appear to be formed at the same time as vessels are renamed and reflagged, most likely in order to have a "clean slate" in terms of history and associate links. Some are established only for a specific purpose such as purchasing a new vessel or selling/disposal of non-operational vessels. Many trading companies have their own vessels. The Panel has compiled a list of shipping companies registered in the Democratic People's Republic of Korea (see annex XXXI).

133. In addition to vessels owned and flagged and owned and foreign flagged, there is another category of vessels of significant concern to the Panel because of how they can more readily assist the Democratic People's Republic of Korea in evading sanctions. Ships that on registries show as neither owned nor flagged but are under its control are difficult to identify. Typically, these ships are registered as owned and operated by specialized front companies or by intermediaries as part of larger shipping operations.

134. In the incident involving the former merchant vessel *Light*,[80] nothing in the vessel's records relating to ownership or management revealed it was still controlled by the Democratic People's Republic of Korea, prior to its being hailed.[81] The Panel has continued its research into sailing histories and traced changes in ownership and management of a number of ships. It has so far identified 19 cargo vessels it considers suspicious. Besides the five ships it named in its 2013 final report as likely controlled by the Democratic People's Republic of Korea,[82] the Panel believes two more meet the criteria set out in paragraph 111 of last year's report as possibly remaining under its control (see table 4).

Table 4
Vessels which the Democratic People's Republic of Korea may still control

IMO Number	*Current name*	*Previous name*	*Flag*	*Nationality of new operator*	*Period under Democratic People's Republic of Korea Flag*
8225436	*Faith*	*Kuk San*	Cambodia	Hong Kong, China	2009-2013
8954893	*Qian Li Shan 13*	*Kum Rung 8*	Cambodia	Hong Kong, China	1995-2008

Source: Lloyd's List Intelligence and Equasis.

135. In addition to the ships themselves, the Panel has begun to investigate the network of companies which "own and manage" them in ways that conceal connections to the Democratic People's Republic of Korea. These ships hide in plain sight. At the time the *Light* was intercepted, the registered ship manager was Dalian Sea Glory Shipping Company;[83] the registered owner was Ever Ocean Shipping Agency Company, which listed its address as c/o Sea Star Ship Company, Ltd.[84] Under this structure it had been reflagged to Belize in 2006. After having been exposed as a vessel controlled by the Democratic People's Republic of Korea:[85]

- The *Light* was reflagged from Belize to Sierra Leone (28 July 2011)

[80] See S/2013/337, para. 110.

[81] The former name of the *Light* was *Bu Yon 1* and it was owned by Korea Buyon Shipping Company from 1 January 2004 until 23 May 2006, when ownership was transferred to Ever Ocean Shipping Agency and management was transferred from Buyon Shipping Company to Dalian Sea Glory Shipping Company.

[82] See S/2013/337, para. 111.

[83] Room M09, Chengda Building 71, Renmin Lu, Zhongshan Qu, Dalian, Liaoning, China; tel/fax: (86) 4118 259 7896. No email or website address was located. The identified representative was: Guang Feng Miao.

[84] Room 1701, 17th Floor, Henan Building, 90, Jaffe Road, Wan Chai, Hong Kong, China.

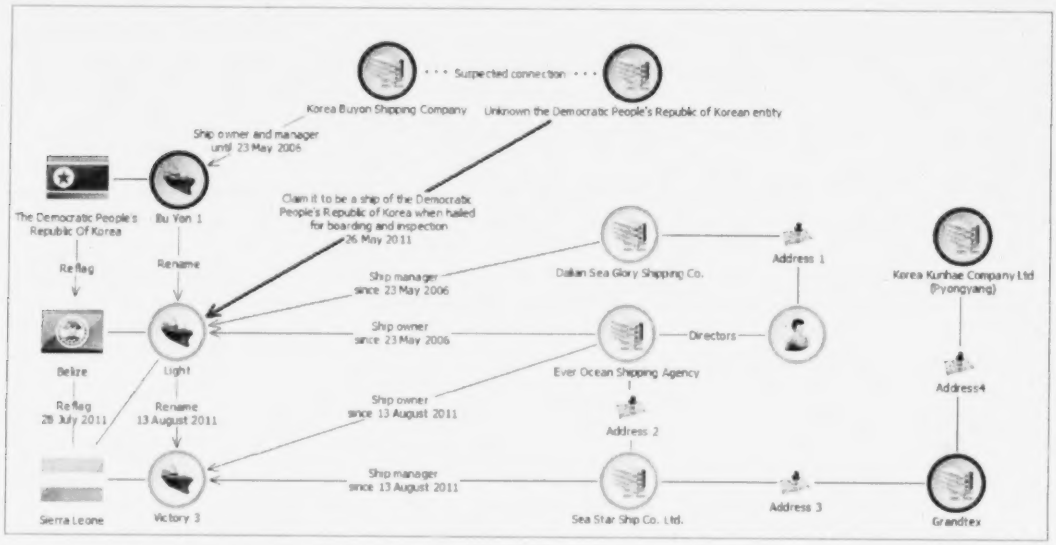
[85] Lloyd's List Intelligence.

- The *Light's* name was changed to *Victory 3* (13 August 2011)
- The operator was changed from Dalian Sea Glory Shipping Company to Sea Star Ship Company, Ltd. (13 August 2011)

While Sea Star Ship Company, Ltd. had provided its address for use by Ever Ocean Shipping Agency, the addresses given by each of the three founders/directors of Sea Star Ship Company, Ltd. are identical to the one listed by Dalian Sea Glory Shipping Company.

136. As it did for Ever Ocean Shipping Agency, Sea Star Ship Company, Ltd., provides a c/o address for another ship owner and manager, Grandtex Shipping Company, Ltd.[86] An alternate address used by Grandtex is c/o Korea Kunhae Company, Ltd.[87] Grandtex is the registered owner of a Democratic People's Republic of Korea-flagged vessel, *Sai Nal 3*.[88]

Figure XXIV
Companies associated with the merchant vessel *Light*


Suspected connection
Korea Buyon Shipping Company
Unknown the Democratic People's Republic of Korean entity
Ship owner and manager until 23 May 2006
The Democratic People's Republic Of Korea
Bu Yon 1
Claim it to be a ship of the Democratic People's Republic of Korea when hailed for boarding and inspection 26 May 2011
Reflag
Rename
Ship manager since 23 May 2006
Dalian Sea Glory Shipping Co.
Address 1
Korea Kunhae Company Ltd (Pyongyang)
Ship owner since 23 May 2006
Directors
Belize
Light
Ever Ocean Shipping Agency
Address4
Reflag 28 July 2011
Rename 13 August 2011
Ship owner since 13 August 2011
Address 2
Ship manager since 13 August 2011
Sierra Leone
Victory 3
Sea Star Ship Co. Ltd.
Address 3
Grandtex

Source: Panel of Experts based on public records.

137. Entities and individuals in networks are linked by a variety of attributes. A research study commissioned by the Panel, and described in paragraphs 166-169 of the present report, sketched out several large and interconnected shipping networks that may shelter ships controlled by the Democratic People's Republic of Korea. The study used a number of attributes, such as shared owners/directors/officers of companies; identical addresses, phone and fax numbers; and the use of the same small group of business facilitators, and examined shifts of ship ownership and management, particularly of vessels that call regularly at Democratic People's Republic of Korea ports or otherwise single themselves out for attention.

[86] As recorded in the World Shipping Register (www.world-ships.com/).
[87] Tonghung-dong, Chung-gu, Pyongyang, North Korea, as provided by Equasis.
[88] Equasis.

138. One example of a network found by the study centres on a company based in Hong Kong, China. The Panama-flagged vessel *Guang Hai* (IMO 8403258), which was identified in the Panel's 2013 final report as likely controlled by the Democratic People's Republic of Korea, illustrates how it may rebrand ships to blur connections to its own shipping companies (the Panel notes that neither this ship nor companies in this network have been reported as involved in incidents of non-compliance):[89]

- On 16 May 2011, the vessel *Kwanghae* was reflagged from the Democratic People's Republic of Korea to Panama
- On 29 August 2011, the vessel's name was changed to *Guang Hai*; the registered owner and beneficial owner also changed
- The previous registered owner is owned by the previous beneficial owner of the vessel; the two companies share the same office address in Pyongyang. The new registered owner and the new beneficial owner of the vessel also share an address

Air fleet

139. The numbers of air carriers operating scheduled flights and routes to or from Pyongyang Sunan International Airport remain very limited. However, the number of flights per route has changed since May 2013. The number of weekly rotations to Beijing has increased from six to eight, with five rotations operated by Air Koryo and three by Air China, the only foreign airline regularly serving the Democratic People's Republic of Korea.[90] Air Koryo now also operates two weekly rotations to Vladivostok. The number of rotations to Shenyang is unchanged (twice a week), while the number to Kuala Lumpur decreased (from twice to once a week). The status of its weekly rotation to Bangkok is unknown. This flight and others to Kuwait City, Moscow, Nanjing, Shanghai and Yanji, China, are most likely operated on an ad hoc and/or seasonal basis.

140. There have been no significant changes to the Air Koryo fleet. All civilian passenger and cargo aircraft registered in the Democratic People's Republic of Korea continue to be operated by Air Koryo, the State-owned national air carrier. Its passenger fleet was augmented by an Antonov (AN) 148 regional range jet passenger aircraft in February 2013,[91] the first of an order for two aircraft.[92] The second was expected in the third quarter of 2013 but it is yet to be delivered. One AN-158, a slightly larger version (99 seats) of the AN-148, is also believed to be on order.[93] These three Antonovs are intended as replacements for the Tupolev (TU) 134 and TU-154 which have been banned from the airspace of several countries over safety concerns and are being phased out.

---

[89] Information on ownership, management, naming and flagging from Lloyd's List Intelligence.

[90] In October 2013, in relation to the visit of the President of Mongolia to the Democratic People's Republic of Korea, Mongolian Airlines operated three charter flights from Ulaanbaatar to Pyongyang. These were operated on a charter basis. Routes Online, "MIAT Mongolian Airlines Launches North Korean Service in October 2013", 20 October 2013. Available from www.routesonline.com/news/29/breaking-news/222819/miat-mongolian-airlines-launches-north-korea-service-in-october-2013/.

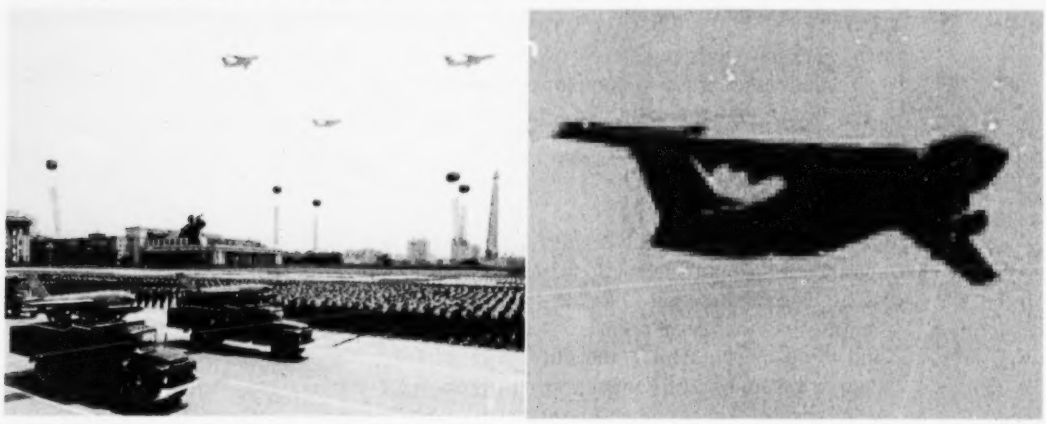
[91] Registration No. P-671. The AN-148-100 B has a capacity for 68-85 passengers (depending on configuration) and a range of 3500 km (www.antonov.com/).

[92] Aero Transport Data Bank (www.aerotransport.org/).

[93] Aero Transport Data Bank.

141. As previously indicated by the Panel, Air Koryo and all airports or airfields within the Democratic People's Republic of Korea are controlled by the Korean People's Air Force through its Civil Aviation Bureau. Reportedly, all personnel are members of the air force and all in-country maintenance is conducted by Air Force engineering staff.[94] The absence of boundaries between Air Koryo and the air force was further highlighted by the 27 July 2013 military parade during which three military Ilyushin (Il) 76 flew over Kim Il Sung square (see figure XXV).

Figure XXV
Il-76 fly past during military parade on 27 July 2013

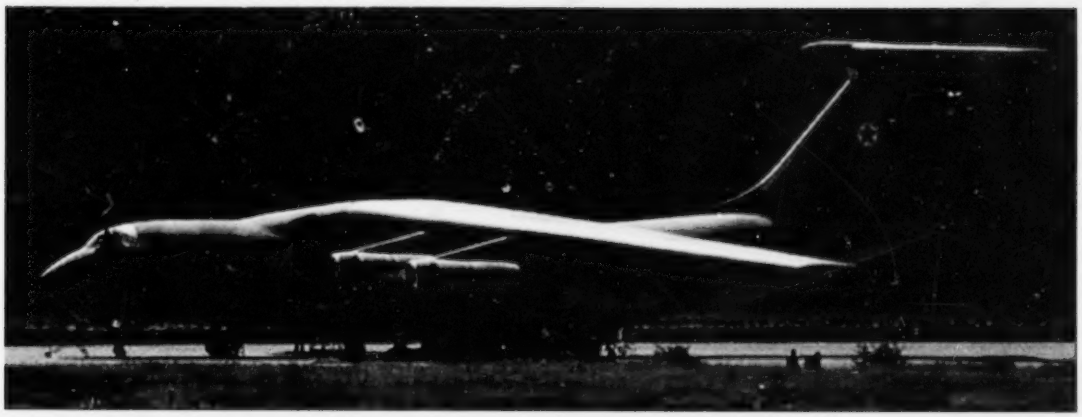


Source: Ed Jones/AFP/Getty images (left) and Ria Novosti (right).

142. Analysis revealed these were not new aircraft acquired by the air force in violation of the embargo on all arms and related materiel, but the ones officially operated by Air Koryo. The Panel obtained a picture showing one of these Il-76 being repainted before the parade (see figure XXVI) and another of an Il-76 landing after the parade at Moscow Sheremetyevo International Airport still showing signs of the military paint scheme (see figure XXVII). This demonstrates that aircraft officially acquired and operated by Air Koryo are not only available to, but are actually used by, the air force.

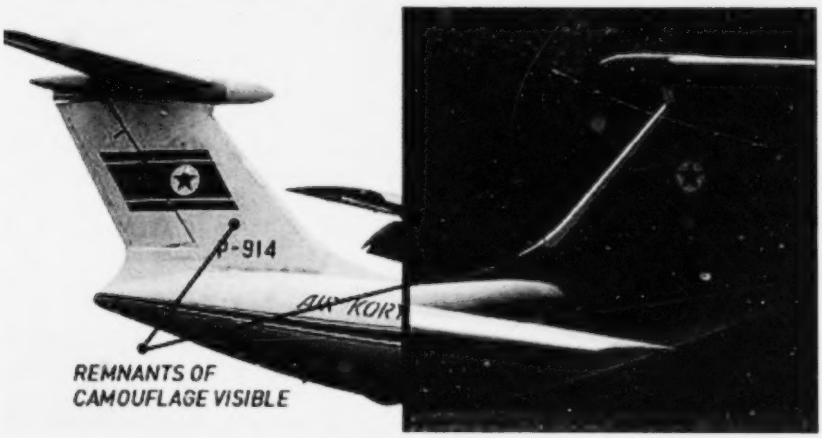
[94] See paragraph 114 of the Panel's 2011 Final Report (unpublished).

Figure XXVI
Repainting work on Il-76 before the parade



Source: Stefan Krasowki.

Figure XXVII
Visible signs of military paint scheme on Il-76 after parade



Source: NK News (Dmitry Batov/Znamyatruda).

143. Considering the control over and use by the air force of Air Koryo's aircraft, the Panel considers that Member States should be aware that providing financial transactions, technical training, advice, services or assistance related to the provision, maintenance or use of Air Koryo's aircraft could constitute a violation of the embargo on all arms and related materiel as defined by paragraph 9 of resolution 1874 (2009).[95]

[95] One Panel member considers that the act of repainting is not sufficient proof that these aircraft are controlled by the air force.

144. The shipment of arms seized in Bangkok in December 2009 was found onboard a chartered military-type cargo aircraft.[96] The recent air shipment that the Panel found to contain ballistic missile-related items (see paras. 45-47 of the present report) confirms that the Democratic People's Republic of Korea also uses regular cargo services for shipping prohibited items. While it is unclear what type of service was used from Pyongyang, which the Panel found to be the point of origin of this shipment, to Beijing, it confirmed the cargo was planned to be shipped onward to the final destination using regular cargo services. These charge lower rates than chartered flights and use both scheduled passenger and cargo flights operating from major hubs. Because these hubs are subject to high-level security regulations, regular cargo services are only used for prohibited items able to withstand enhanced scrutiny. As previously indicated by the Panel, cargo handlers and air carriers offering regular cargo services from the five airports with regular connections to Pyongyang should closely monitor all cargo originating or destined for the Democratic People's Republic of Korea.

Land transportation

145. To date, no inspection reports regarding cargo being moved by rail or road across the borders of the Democratic People's Republic of Korea have been reported to the Committee.

146. The importance of trade with neighbouring States for the Democratic People's Republic of Korea is reflected in recent investments in road and rail infrastructure. These may also create alternative routes for shipment of illicit goods and relatively decrease dependence on regional ports. A new high speed railway from Shenyang to Dandong will be opened by 2015.[97] Recent developments, centred on the Rason Economic Zone, include a double-track rail link between Rajin and Khasan reopened in September 2013,[98] linking it to the trans-Siberian railway, shortening the shipment time to Europe from 45 to 14 days using the integrated rail network.[99]

VIII. Travel ban and assets freeze

147. The Panel's concerns about the ability of designated entities to continue to conduct business abroad, including by the use of new and unrecognized names,[100] have been heightened by new information obtained about Korea Ryonha Machinery Joint Venture Corporation[101] ("Ryonha"), a subsidiary of the defence industry conglomerate Korea Ryonbong General Corporation, which was designated by the Security Council in January 2013.

[96] See S/2013/337, paras. 75-79.

[97] Adam Rose, "China to open high speed rail link to North Korean border in 2015", *Reuters*, 2 January 2014.

[98] "Rajin-Khasan Railway Section Opens for Service", *KCNA*, 23 September 2013.

[99] "Down the 'Iron Silk Road': Russia, North Korea open railway link", *RT*, 23 September 2013.

[100] See S/2013/337, paras. 135 and 136.

[101] Korea Ryonha Machinery Joint Venture Corporation was designated by the Security Council in January 2013.

148. Ryonha attempted to participate in a trade fair held in Dandong, China, in October 2013.[102] According to information obtained by the Panel, the company registered for the fair using the name "朝鲜联合机械贸易会社", which phonetically translated into English equates to "Korea Ryonhap [or Lian'he] Machinery Trading Company" (see annex XXXII). However, once in the fair, its banner used one of its known aliases, Korea Ryonha Machinery Corporation in English, Chinese "朝鲜连河机械公司" and Korean "조선련하기계회사" (see figure XXVIII). Reportedly, its banner and display disappeared on the fair's second day.

Figure XXVIII
Korea Ryonha Machinery's booth

Source: Pictures obtained by the Panel of Experts.

149. In its reply to the Panel's inquiry, Chinese authorities reported that Ryonha's name was not on the list of exhibitors provided by the Democratic People's Republic of Korea, nor did it appear on any booth before the fair's opening. Upon discovering its presence, China requested Ryonha to withdraw from the fair and ensured that the relevant persons left its territory (according to Panel information there were at least seven Democratic People's Republic of Korea nationals working on behalf or at the direction of Ryonha during the fair).

150. The Panel also discovered that, even though designated, Ryonha remained listed as a "recommended company and member" on the website of the China-Democratic People's Republic of Korea Trade Network.[103] In reply to an enquiry from the Panel, China responded that Ryonha had been removed from the listing.

[102] The second China-DPRK economic, trade, culture and tourism expo, 11-14 October 2013 (www.ckect.com/index.html).

[103] The website of the China-Democratic People's Republic of Korea Trade Network (http://zemyw.com/cn/).

Figure XXIX
Ryonha's representatives

Source: Pictures obtained by the Panel of Experts.

151. Further, the Panel noted that at least one of the machine tools exhibited by Ryonha at the fair incorporated a foreign-sourced control platform. Because the measures imposed in the resolutions prohibit the transfer of any items to a designated entity, the Panel contacted the control platform manufacturer, who replied that such products were not sold to the Democratic People's Republic of Korea due to export control restrictions but could have been procured through middlemen. The Panel intends to look further into this issue in order to determine how and when these control platforms were procured by Ryonha.

152. **The Panel recommends that the Committee add "朝鲜联合机械贸易会社" to the list of aliases used by Korea Ryonha Machinery Joint Venture Corporation on the Consolidated List of designated entities and individuals.**

153. The Committee acted on two recommendations made by the Panel in its 2013 final report. The Committee provided a link on its website to an unofficial consolidated list of Korean language names habitually used by designated entities and individuals, as well as a number of new aliases and identifiers the Panel found for Ryonha in the Consolidated List of designated entities and individuals.[104]

154. In December 2013, the Czech Republic informed the Committee that the new identifiers had helped it to detect yet another alias for Ryonha. It proposed that the Committee add the name "Millim Technology Company" to the Consolidated List, which was included in the most recent update.

155. The Panel notes that some Member States have published aliases of entities designated by the Security Council or the Committee that could be reflected in the Consolidated List. For example, publicly identified aliases used by Korean Tangun Trading Corporation, such as Korea Dangun Trading Corporation, Korea Tangun Trading Corporation, Tangun Trading, are missing from the Consolidated List. As shown by the example set by the Czech Republic, Member States depend on the Consolidated List to find out about aliases and identifiers used by designated entities.

[104] See www.un.org/sc/committees/1718/pdf/List_Entities_and_Individuals_English.pdf for the most recent version of the consolidated list. For the list providing the actual Korean names of the designated entities and individuals, see www.un.org/sc/committees/1718/pdf/List_Entities_and_Individuals_Korean.pdf.

156. In accordance with the direction expressed by the Security Council in the presidential statement of 16 April 2012 (S/PRST/2012/13), the Committee regularly seeks updated identifying information with regard to the individuals and entities listed in the Consolidated List. In particular, it seeks information regarding dates and places of birth, passport numbers, known aliases, alternative spellings of names and any known addresses.

157. The Panel recalls its 2013 final report, in which it called on Member States to provide information to the Committee and the Panel on those who are acting on behalf of or at the direction of entities and individuals designated.

158. The Panel remains unaware of any Member State having denied entry or transit to a designated individual or family member or having sought an exemption to the travel ban from the Committee, in accordance with paragraph 10 of resolution 1718 (2006). The Panel recalls the recommendation made in its 2013 final report that Member States voluntarily provide information on actions taken in accordance with the travel ban provisions. Without such reporting, the Panel is unable to evaluate the effectiveness of that measure.

159. Information on compliance by Member States with assets freeze measures remains scant. Member States are not obliged to report on such measures. The Panel has yet to obtain confirmation that the assets of Ryonha were frozen after it participated in the Expo, including such economic resources as the computer numerically controlled machines it exhibited. The Panel also cannot confirm that actions have been taken against Leader (Hong Kong) International, designated in resolution 2087 (2013), but notes that it remains listed as active on the Hong Kong, China, business registry.[105]

160. In its 2013 final report, the Panel encouraged Member States to report voluntarily on assets freezes so that it could better assess the effectiveness of this measure. In that regard, the Panel welcomed the report by the Czech Republic, which informed the Committee that it had frozen funds associated with the dealings of Millim Technology Company. It is a valuable illustration of how to apply the assets freeze measures with sufficient vigilance and immediacy, as required by paragraph 8 (d) of resolution 1718 (2006), in order to have the intended effect on blocking funds, financial assets, or economic resources that could be used to support prohibited programmes and activities.

161. The Panel discovered that problems regarding the information provided for Leader (Hong Kong) International, designated in resolution 2087 (2013), could have had harmful consequences. It recently informed the Committee of its findings and recommended appropriate changes to the Consolidated List:

(a) The identifiers included a shortened alias, an address that was out of date, but not the company's unique business registration number;

(b) The phonetic translation of the company's name into Chinese was different from the Chinese names it used on its official business incorporation document;

[105] Cai Guang (蔡光), the Director of Leader (Hong Kong) International, has the Chinese identification number: 220104197201271530. His address is: Room 1716, No. 18, Shiji Street, Zhongshan District, Dalian City, China (大連市中山區世紀街18號1716室).

(c) The phonetically translated Chinese names are nearly identical to names used by other, unrelated businesses registered in Hong Kong, China.

162. Without a business registration number to distinguish Leader (Hong Kong) International from other similarly named firms, the other firms become "false-positives", and Leader (Hong Kong) International escapes identification. This introduces the risk of sanctions being unenforced against Leader (Hong Kong) International, while the false-positive firms are exposed to reputational and financial damage.

163. The Panel will further examine how the names of designated entities and individuals are communicated to Member States and other interested parties in the six official languages of the United Nations and make further recommendations, as appropriate, to the Committee.

IX. Financial measures

164. Financial measures in the resolutions, along with the strengthening of standards governing international finance, have combined to change fundamentally the financial environment in which the Democratic People's Republic of Korea operates. In particular, it has become much more difficult to make direct use of its banks to remit earnings and make payments for transactions in prohibited goods, training and technology. The long-term trajectory of changes to improve standards promoted by the Financial Action Task Force (FATF)[106] promises it will face even more difficulty in future. The technical efforts of FATF, especially recent steps taken to help counter the financing of proliferation, complement Security Council actions

165. Consequently, the Democratic People's Republic of Korea has had to adapt, explore and perfect ways to evade detection and circumvent constraints on the financing of prohibited programmes and activities. All evasion techniques involve higher risk, extra cost and loss of timeliness. The Panel has begun to examine more deeply the institutional frameworks and operational techniques it employs. It is experienced in using foreign-based individuals, front companies and shell companies and joint ventures engaged in legitimate business to mask illicit activities associated with sourcing nuclear, ballistic missile and other weapons of mass destruction programmes. Ownership structures often are complex and opaque and take advantage of lax rules in some Member States regarding the identification of beneficial owners.

A. Research on foreign-based business organizations: structure, practices and finance

166. During its mandate, the Panel commissioned an in-depth study to learn more about how the Democratic People's Republic of Korea makes use of foreign-based firms and individuals to evade scrutiny of its assets, financial and trade dealings. It sought a comprehensive view of the Democratic People's Republic of Korea's commercial footprint abroad to learn how entities and individuals that have figured

[106] FATF is a policymaking organization focused on setting standards and developing technical measures to improve the integrity of the international financial system.

in its investigations relate to this broader network and to one another. The Panel believes that an examination of those linkages would assist its efforts to detect and advise the Committee and Member States about others who might play controlling and supportive roles in evading trade and financial measures adopted in the resolutions.

167. Moreover, the Panel wanted to learn from the best practices used for this type of investigation. Due diligence and financial forensic techniques commonly employed in the private sector can help to identify corporate members and important key individuals of organizations, and to find connections between entities and other organizations. The study provided the Panel with a rich database of leads for further investigation. Starting with less than 500 loosely connected or unconnected individuals and entities that had come to the Panel's attention during its investigations, the study found connections to an additional 700 individuals, more than 1,600 companies and nearly 2,500 corporate identifiers.

168. The results of the study show that the operations of the Democratic People's Republic of Korea abroad no longer fit the description of "two persons and a fax machine". Instead, it found a relatively mature, complex and international corporate ecosystem. Patterns that emerge from examination of the connections between identified individuals and entities show six large, discrete networks, all of which share links.

169. The Democratic People's Republic of Korea appears to favour locations abroad with good transport and banking connectivity and/or historic business and political connections. The Panel has taken note of how the foreign locus of activities will shift in response to increased oversight by authorities or exposure of illicit activities. Robust relations with companies in Japan, which served as procurement agents for prohibited goods and programmes, diminished sharply following the adoption by Japan of comprehensive trade and shipping restrictions. Incidents under investigation show that the Democratic People's Republic of Korea has focused more on sourcing precision machine tools and related items from Taiwan Province of China. The Panel has noted that, for the past several years, the Democratic People's Republic of Korea has worked to expand and improve economic relations with Member States that are developing similar manufacturing capabilities, and urges such countries to heighten vigilance.

B. Financial Action Task Force

170. On 18 November 2013, at an open briefing by the Sanctions Committees in New York, FATF President Vladimir Nechaev explained how the FATF standards complement targeted financial sanctions by covering technical issues, particularly in countering the financing of terrorism and proliferation (see figure XXX).

Figure XXX
Joint open briefing on the role of the Security Council and FATF

Source: FATF.

171. Working in tandem with national authorities that are implementing United Nations sanctions measures, FATF and FATF-style regional bodies stress to their members the importance of effective enforcement of targeted financial sanctions adopted by the Security Council under the authority of Chapter VII of the Charter of the United Nations. The Panel has continued to work closely with FATF and FATF-style regional bodies to explain sanctions measures to their members.

172. FATF particularly remains concerned about the money-laundering risk posed by the Democratic People's Republic of Korea, which has yet to adopt and enforce appropriate banking regulations. In October 2013, FATF renewed the placement of the Democratic People's Republic of Korea on the "public list" and has called upon members to effectively apply countermeasures in financial dealings (see annex XXXIII). Banks are thus required to perform enhanced due diligence when handling transactions of nationals and firms of the Democratic People's Republic of Korea, and urged to consider reputational risk. Many banks have decided to shun this business, having weighed expected cost and revenue.

173. The Democratic People's Republic of Korea clearly wants to be removed from the public list and has discussed with FATF and the Asia Pacific Group on Money-Laundering (APG), the regulatory changes needed to satisfy anti-money-laundering requirements. It attended the APG plenary held in Shanghai in July and applied for admission to the APG as an observer. Members carefully considered the request and decided not to accept them at that time. Discussions likely will continue.

C. Possible countermeasures to financial sanctions

174. In the light of paragraphs 11 to 13 of Security Council resolution 2094 (2013), the Panel has begun to examine how funds may be stashed abroad or remitted in ways that obscure ownership of the accounts or transactions associated with the Democratic People's Republic of Korea. It has identified some commercial operations and banking practices that offer such opportunities.

175. The Democratic People's Republic of Korea seeks opportunities to contract or subcontract in major construction projects and/or supply workers whose earnings mostly end up in the Government's coffers. Proprietary and/or confidential business dealings offer ways to pool funds in accounts that, in turn, could help to advance prohibited programmes or disguise earnings from arms or proliferation-related transfers. As with trade-based money-laundering, illicit earnings could be remitted in the guise of legitimate payments for work performed. Available media reports, particularly about projects in several African countries, note that project values appear inflated. Participation in overseas construction also takes place through joint ventures where a foreign partner could hold funds on behalf of or for the benefit of designated entities and prohibited programmes.

176. The advantages of using established international financial channels, despite being subjected to enhanced due diligence, are timeliness and security. The Democratic People's Republic of Korea has been observed to make unquestionably legitimate transactions in roundabout ways. This is less efficient and less secure, but may be intentional, to test the "safety" of using specific financial front companies and shells as well as specific routings for funds transfers, prior to their use in illicit transactions. In fact, it would be careless not to take the prudent precaution of testing for leaks.

177. The Panel knows that the Democratic People's Republic of Korea has used indirect payments in attempts to acquire prohibited items. It included in its 2012 final report a 2009 attempt to buy two luxury yachts in Italy.[107] Financial techniques used to evade paragraph 8 (a) (iii) of resolution 1718 (2006) included pooling of funds in the Austrian bank account of Josef Schwartz, the owner of Schwartz Motorboot service, who signed the purchase contract. Funds were wired in various amounts from a number of companies in different locales as well as from banks in the Democratic People's Republic of Korea itself.[108] While under investigation, Schwartz reassigned the contract to a second company, Complant International Transportation (Dalian) Co., Ltd, which continued the subterfuge to conceal the actual destination. It used yet another company to wire at least a portion of more than €5 million paid to the shipbuilder, according to Italian authorities.

178. An example of a transaction being financed in an unusually complex manner was an Air Koryo contract in 2012 to purchase new aircraft.[109] Payments were structured through eight Hong Kong, China-registered companies, which asserted that they were trading partners of Air Koryo and were wiring funds they owed it. The resolutions do not prohibit the purchase of civilian passenger and cargo aircraft. The Panel, however, was dubious of the explanation that debts were the source of the funds; some companies appear to be recently formed shell companies. It also finds remarkable the coincidence of all eight firms owing significant amounts to Air Koryo at the time funds were contractually due to be paid to the seller of the aircraft. The names of shells and activities of others appear to share a connection with gold trading. The Panel is suspicious that the Democratic People's Republic of Korea may be using or considering the use of precious metal sales on credit terms to

[107] See S/2012/422, paras. 84-85.

[108] The Austrian bank was unconvinced by Schwartz's explanation that the unusual transactions were legitimate and filed a suspicious activities report. The report triggered an official investigation by Austrian authorities and the subsequent trial and conviction of Schwartz.

[109] Information provided to the Panel confidentially by a Member State.

create "accounts payable". Such sources for funds would not necessarily show as being under its control and even could be swapped with other firms to further distance its connection and thereby better evade sanctions and enhanced due diligence by banks.

179. In the incident involving the *Chong Chon Gang* (see paras. 69-89), OMM arranged for payment for the ship's passage through the Panama Canal to be made by a firm in Singapore, Chinpo Shipping, which told the Panel that OMM had provided it with funds and requested it to pay fees due a Panamanian firm.[110] In a similar manner, in prior passages through the Canal in 2011 and 2012 by two other ships operated by OMM, the *Bo Tong Gong* and the *O Un Chong Nyon Ho*, OMM had Mirae Shipping (H.K.) Company, Ltd. pay transit fees and expenses,[111] according to bank records provided to the Panel.

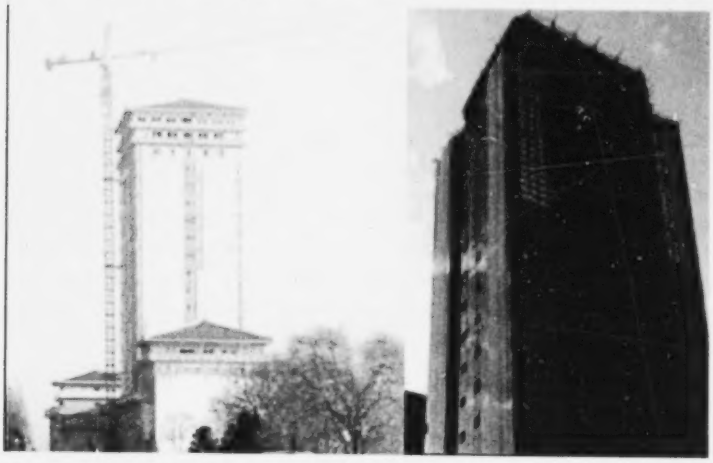
D. Bank secrecy

180. The Democratic People's Republic of Korea continues to take steps to limit foreign knowledge of domestic banking and other financial institutions. Measures adopted in paragraphs 12 and 13 of resolution 2094 (2013) on banking are difficult to implement without having basic information on its banks and financial companies. For reference, the Panel has compiled a list of banks based on the best available information (see annex XXXIV). Despite non-publication of their financials that would benchmark performance, some give an impression of having received injections of funds and/or having expectations of expanding operations. The Central Bank and North East Asia Bank, for example, are constructing large new headquarters buildings in Pyongyang (see figure XXXI).

[110] The Panel has yet to confirm if, when and how funds were conveyed from OMM to Chinpo Shipping. Chinpo Shipping claimed it acts as OMM's shipping agent in Singapore.

[111] Mirae Shipping (H.K.) Company Ltd. owns the Panama-flagged vessel *Great Hope*, a bulk carrier, according to Equasis. The Panel believes the Hong Kong, China, company is related to Mirae Shipping Company Ltd., Pyongyang. OMM identified Mirae Shipping Company as one of several for which it held full rights of management and operation, according to the *Pyongyang Times* (17 March 2006).

Figure XXXI
Central Bank building (left) and North East Asia Bank building (right)



Source: Pictures obtained by the Panel of Experts.

X. Unintended impact of the sanctions

A. Civilian population

181. The resolutions stress that sanctions are not intended to have adverse humanitarian consequences for the civilian populations of the Democratic People's Republic of Korea. As noted in previous reports, the Panel's ability to investigate this aspect of the resolutions is hampered by its lack of access to the country. Nonetheless, the Panel keeps abreast of the relevant literature and seeks every opportunity to gain information on the issue, including by speaking to relevant experts, diplomats and United Nations staff stationed in Pyongyang, and will continue to seek relevant information on the issue. Notably, it has been in contact with the Resident Coordinator in Pyongyang. In addition, the Commission of Inquiry established by the Human Rights Council met the Panel, at the Commission's request, to discuss the impact of sanctions on the human rights situation and other areas of possible common interest between the mandates of the two bodies.

182. Overall, most assessments share the view that the nutritional situation in the Democratic People's Republic of Korea, while still poor, is improving,[112] with particular concern regarding vulnerable sectors of society. The World Food Programme estimates that the calorie gap between the average diet and the international recommendation of 2100 kcal per day is 30 per cent. While the Panel is aware of general allegations that sanctions are contributing to food shortages, its review of the situation has failed to reveal instances where the measures imposed by the resolutions could be held directly to blame. There is frequently confusion

[112] See World Food Programme, "Harvests in DPR Korea up 5 per cent for third year but chronic malnutrition persists", 28 November 2013. Available from www.wfp.org/news/news-release/harvests-dpr-korea-5-percent-third-year-chronic-malnutrition-persists.

regarding the role of national sanctions and decisions taken by Member States and commercial organizations regarding their willingness to assist or deal with the Democratic People's Republic of Korea.

B. Diplomatic missions

183. In its resolutions 1874 (2009), 2087 (2013) and 2094 (2013), the Security Council repeatedly emphasizes that all Member States should comply with the provisions of paragraphs 8 (a) (iii) and 8 (d) of resolution 1718 (2006) without prejudice to the activities of diplomatic missions in the Democratic People's Republic of Korea pursuant to the Vienna Convention on Diplomatic Relations. Several Member States have reported to the Committee and the Panel that their missions face operational difficulties caused by the Security Council resolutions on the Democratic People's Republic of Korea. This has been attributed, in part, to the reluctance of foreign private-sector financial and other entities to provide goods and services to diplomatic missions in the country.

184. The Panel reviewed the information provided to the Committee by some of the diplomatic missions in Pyongyang regarding the effect of the sanctions on their activities and submitted its non-paper assessment to the Committee on 29 May 2013. The document is under consideration by the Committee.

185. On 28 October 2013, the Russian delegation briefed the Committee on problems that some embassies and non-governmental organizations in the Democratic People's Republic of Korea were facing during the period under review as a result of the unintended impact of the sanctions regime.

XI. Recommendations

186. The Panel makes the following recommendations to the Committee and Member States.

Recommendations of the Panel to the Committee and Member States

Recommendation 1

The Panel recommends that the Committee add "朝鲜联合机械贸易会社" to the list of aliases used by Korea Ryonha Machinery Joint Venture Corporation on the Consolidated List of designated entities and individuals (see para. 152).

Recommendation 2

The Panel recommends that Member States exercise due vigilance on export to the Democratic People's Republic of Korea of pilger milling machines and their mandrels, dies and lubricants for zirconium alloy tubes production, as well as ultrasonic test equipment for inspection (see para. 32).

Recommendation 3

The Panel recommends that the Committee, with the assistance of the Panel, issue an IAN to remind Member States that the embargo on all arms and related materiel encompasses services or assistance related to the provision, manufacture, maintenance or use of arms or materiel (see para. 68).

Recommendation 4

The Panel recommends that, pursuant to paragraph 26 of resolution 2094 (2013), Member States supply to the Committee and the Panel information at their disposal regarding non-compliance with the resolutions (see para. 23).

Recommendation 5

The Panel recommends that Member States report promptly to the Committee on all instances of inspections of cargo to, from or brokered by the Democratic People's Republic of Korea, as required by paragraph 15 of resolution 1874 (2009), even when no prohibited items have been found (see para. 21).

Recommendation 6

The Panel recommended in its incident report on *Chong Chon Gang* that:

(a) The Committee draw the attention of Member States authorities and members of the shipping industry to the concealment techniques that were employed in this case, the extent of which demonstrates the importance of applying rigorous due diligence to verify the content of cargo originating from or destined to the Democratic People's Republic of Korea, the validity of documents presented and the identities of all entities and individuals involved;

(b) The Committee encourage Member States to review their agreements with the Democratic People's Republic of Korea, particularly those involving military-to-military cooperation and signed before 2006, as they might contain terms or elements inconsistent with the arms and related materiel measures imposed by the relevant Security Council resolutions.

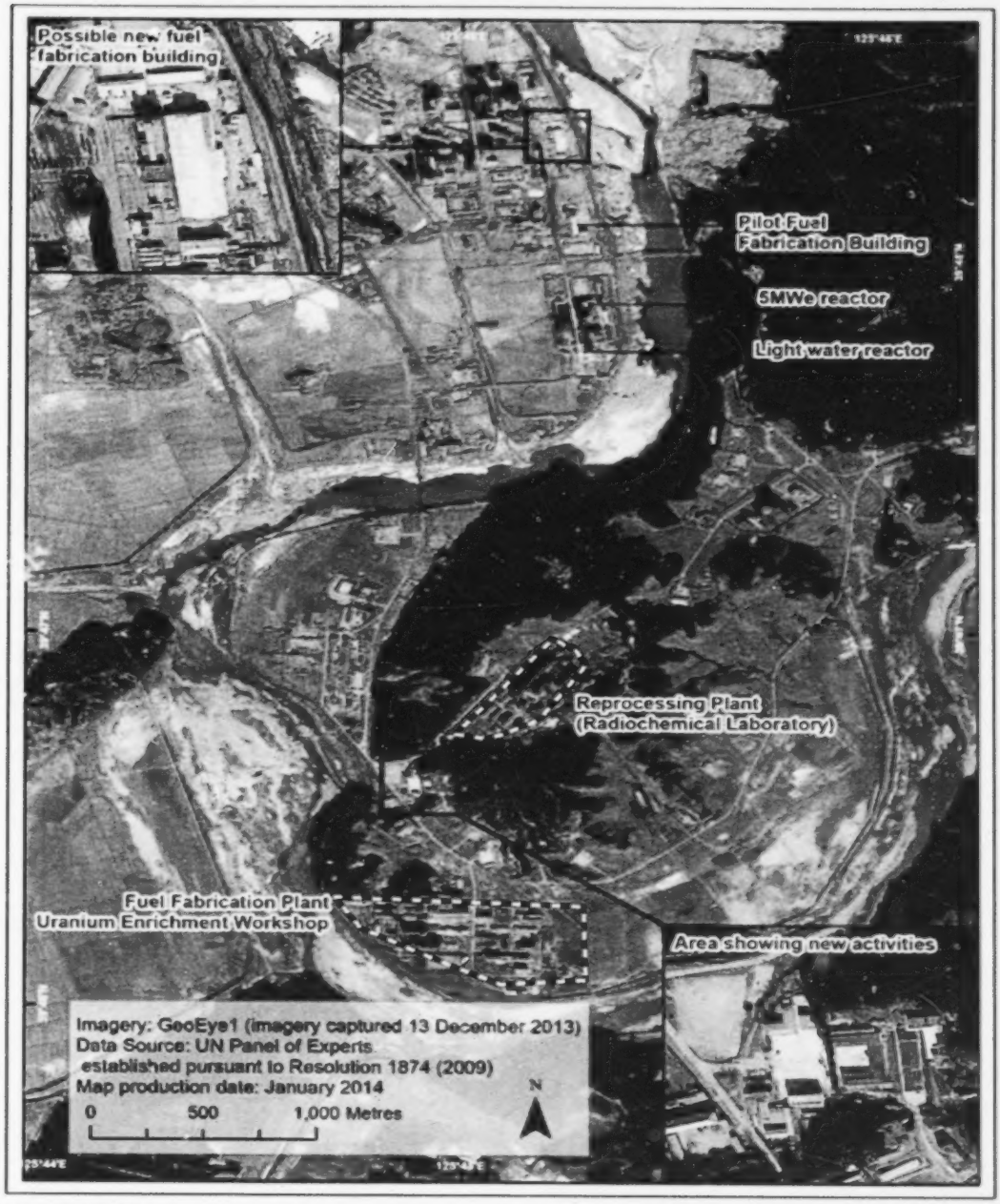
Annex I

Correspondence with Member States

Country	Number of letters sent	Responses received	No responses	Not past date for reply
Austria	1		1	
Azerbaijan	1			1
Belarus	1	1		
Canada	1			1
China	5	4		1
Czech Republic	1			1
Eritrea	1			1
Ethiopia	1			1
Germany	1			1
Greece	1	1		
Italy	1	1		
Japan	2	2		
Mongolia	1	1		
Myanmar	1			1
Panama	2	2		
Russian Federation	4	3		1
Singapore	1			1
South Africa	1	1		
Sweden	1			1
Switzerland	1	1		
Syria	2		2	
Tanzania	1		1	
Uganda	2	1		1
Ukraine	1	1		
United Kingdom	4	4		
United States	2		1	1
Zimbabwe	1	1		
TOTAL	**42**	**24**	**5**	**13**

Annex II

Imagery of the Yongbyon nuclear complex

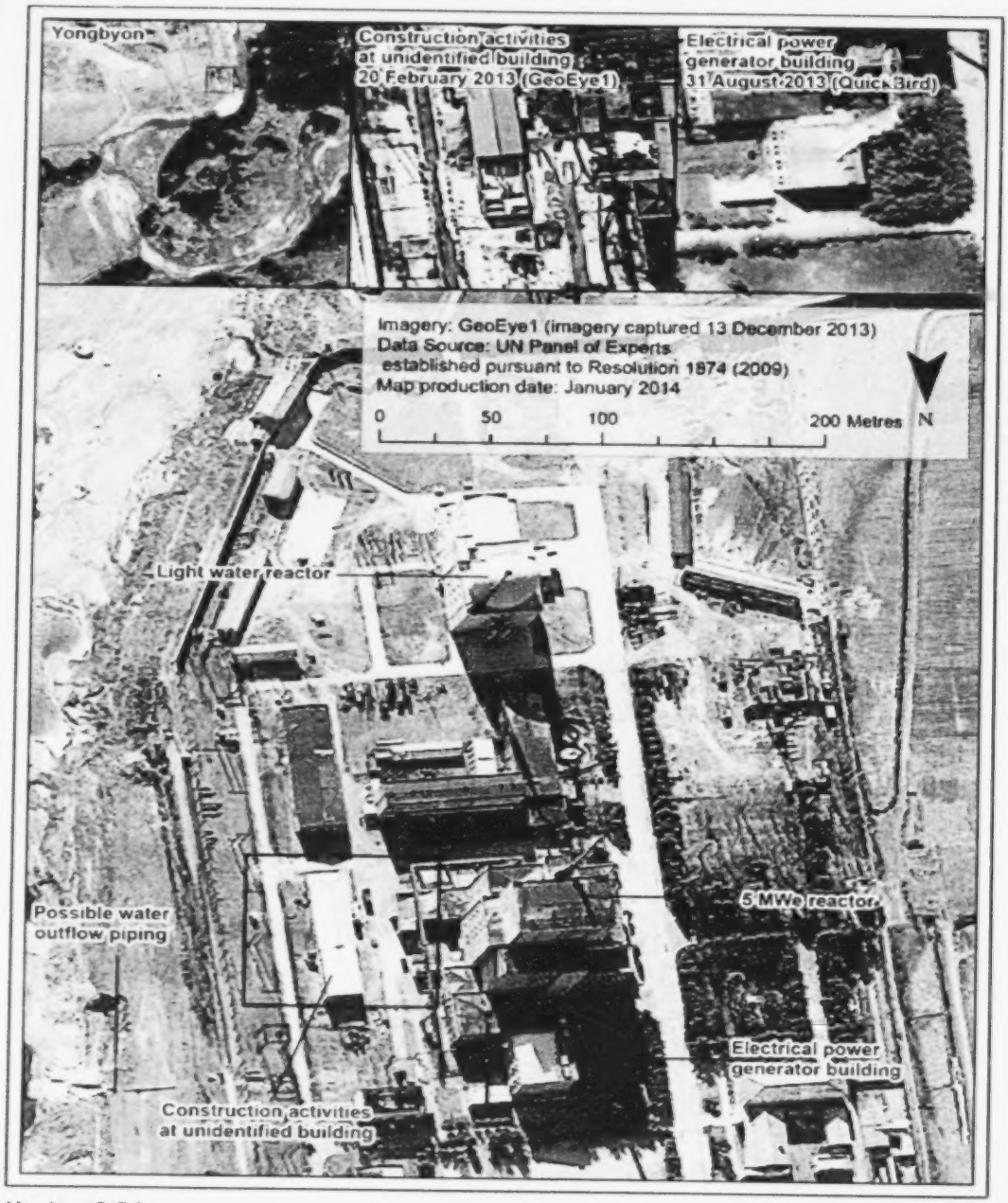

Possible new fuel fabrication building
Pilot Fuel Fabrication Building
5MWe reactor
Light water reactor
Reprocessing Plant (Radiochemical Laboratory)
Fuel Fabrication Plant
Uranium Enrichment Workshop
Area showing new activities
Imagery: GeoEye1 (imagery captured 13 December 2013)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: January 2014
0 500 1,000 Metres
N

Map No. 4517.1
January 2014

Department of Field Support
Cartographic Section

Annex III

Imagery of the light water reactor and the 5 MWe reactor

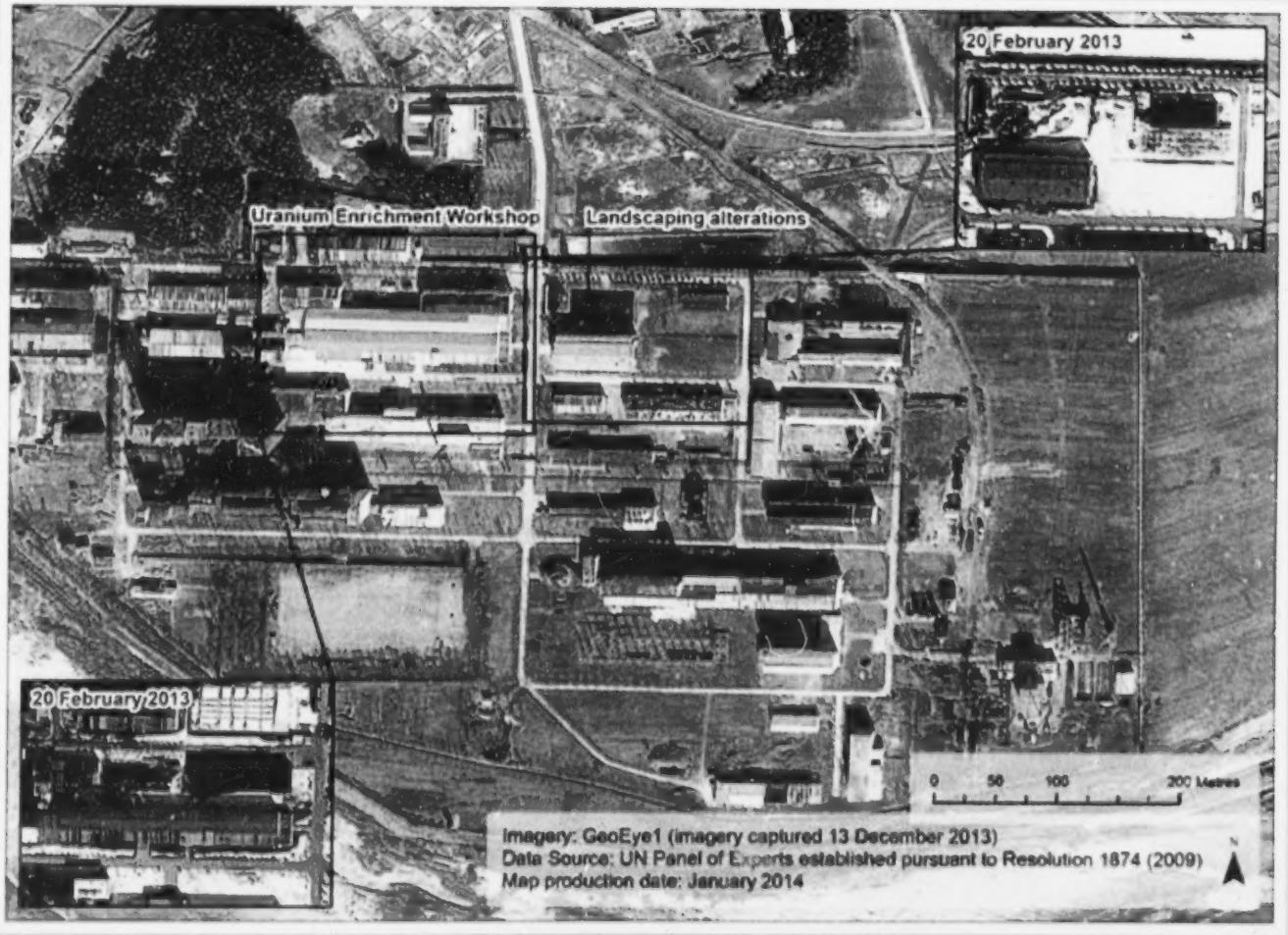

Yongbyon
Construction activities at unidentified building 20 February 2013 (GeoEye1)
Electrical power generator building 31 August 2013 (QuickBird)
Imagery: GeoEye1 (imagery captured 13 December 2013)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: January 2014
0 50 100 200 Metres
N
Light water reactor
5 MWe reactor
Possible water outflow piping
Electrical power generator building
Construction activities at unidentified building

Map No. 4517.2
January 2014

Department of Field Support
Cartographic Section

Annex IV

Imagery of the fuel fabrication plant

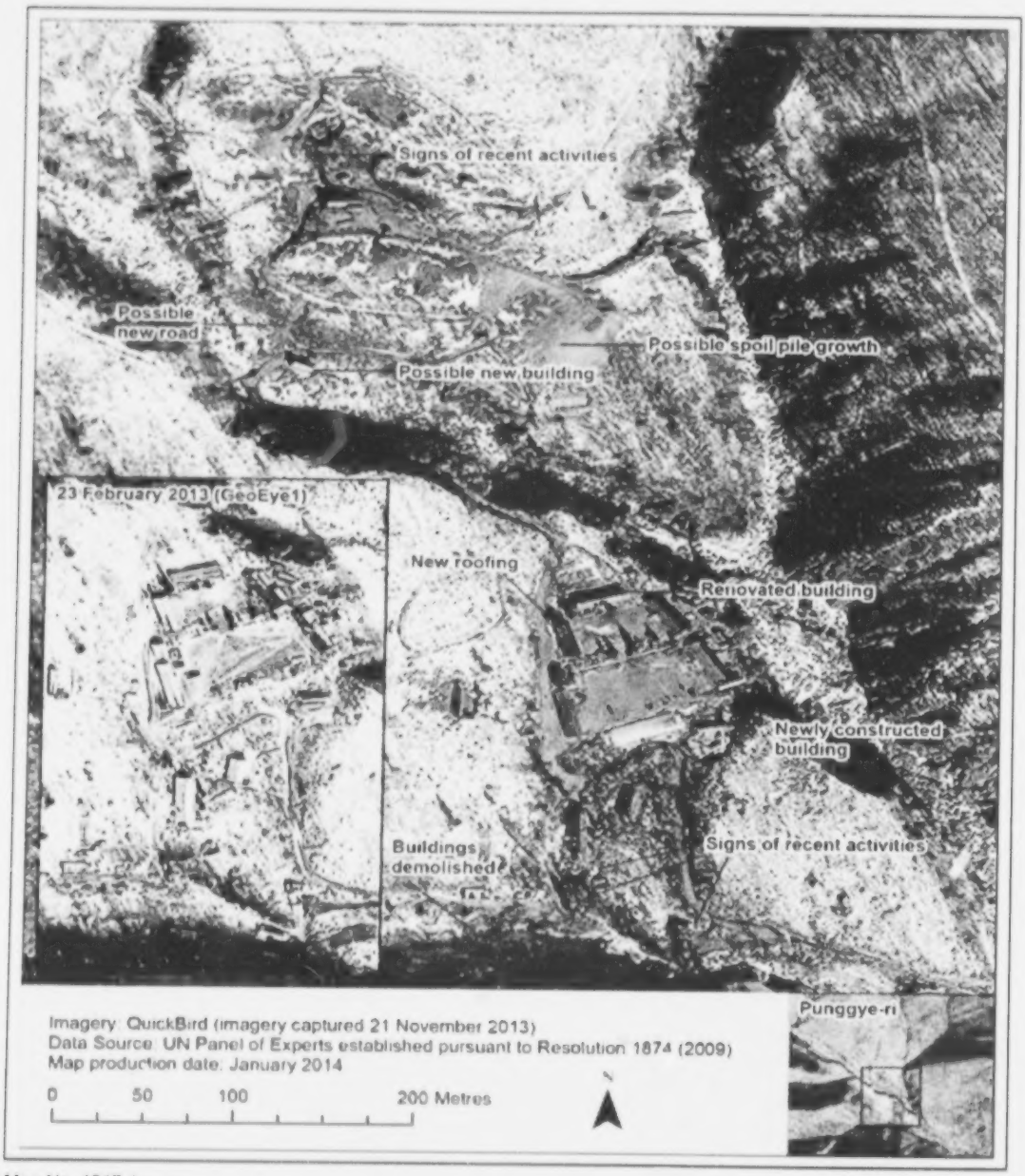

20 February 2013
Uranium Enrichment Workshop
Landscaping alterations
20 February 2013
0 50 100 200 Metres
Imagery: GeoEye1 (imagery captured 13 December 2013)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: January 2014
N

Map No. 4517.3
January 2014

Department of Field Support
Cartographic Section

Annex V

Imagery of suspected nuclear test site in the Democratic People's Republic of Korea (Punggye-ri)


Signs of recent activities
Possible new road
Possible spoil pile growth
Possible new building
23 February 2013 (GeoEye1)
New roofing
Renovated building
Newly constructed building
Buildings demolished
Signs of recent activities
Punggye-ri
Imagery: QuickBird (imagery captured 21 November 2013)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: January 2014
0 50 100 200 Metres

Map No. 4517.4
January 2014

Department of Field Support
Cartographic Section

Annex VI

Chong Chon Gang confidential annex*

* The annex has not been reproduced in the present document because it is confidential.

Annex VII

List of arms and related materiel reported by Panama found onboard the *Chong Chon Gang*

No.	Container No.	Size	Hold No.	Contents	Date discovered	Date of inspection
1	TGHU421080-4	40	4	Rear support structure for SA-3 antenna. 2 Volvo diesel engines with Russian electricity generators and 1 modified P-19 target acquisition radar	18/07/2013	20/07/2013
2	MARU4001997	40	4	2 SA-2 Fan Song multi-band antennas	15/07/2013	15/07/2013
3	CLHU8263263	40	4	MiG-21 aircraft fuselage	17/07/2013	21/07/2013
4	XINU8118515	40	4	MiG-21 aircraft fuselage	17/07/2013	21/07/2013
5	CBHU1699039	40	4	2 transport trucks for Fan Song fire-control radar, calibration equipment and missile uplink antenna	18/07/2013	20/07/2013
6	JOLU4066461	40	4	SA-2 missile launcher guide rails and Fan Song radar dishes (target-tracking radar dishes) and a third trailer for the SA-2	19/07/2013	20/07/2013
7	CARU4691721	40	4	SA-3 Low Blow antenna post vans and lower parabolic antenna, communication cable reels and electrical cables	19/07/2013	20/07/2013
8	CBHU1626048	40	4	2 MiG engines and metal afterburner assembly	18/07/2013	20/07/2013
9	IRLU4571812	40	4	2 MiG engines and metal afterburner assembly	22/07/2013	12/08/2013
10	TM049 (illegible)	20	2	2 MiG engines and metal afterburner assembly	28/07/2013	05/08/2013
11	CAXU2224636	20	2	2 MiG engines metal afterburner assembly	28/07/2013	05/08/2013
12	PCIU2242770	20	2	2 MiG engines and metal afterburner assembly	28/07/2013	05/08/2013
13	SCZU151805 blue	20	2	1 R-25 MiG-21 engine and metal afterburner assembly	28/07/2013	05/08/2013
14	SEBU2959253	20	2	light weapons, rocket-propelled grenades (RPGs), recoilless rifles, night vision binoculars, equipment, munitions	28/07/2013	05/08/2013
n/a	3 blue trucks		2	3 SA-2 computers and vans	27/07/2013	30/07/2013
n/a	1 blue truck		2	1 SA-3 van	27/07/2013	30/07/2013
n/a	2 blue trucks		2	2 electricity generators for surface-to-air missiles and 1 radar base	27/07/2013	30/07/2013
15	ECTU2847620	40	3	SA-3 missile launcher base, rails, trailer wheels	05/08/2013	05/08/2013
16	SCZU5721085	40	3	radar transporter, cylinder antennas	05/08/2013	05/08/2013
17	XINU8111064	40	3	1 MiG tail section, 2 wings	08/08/2013	09/08/2013
18	CLHU8094097	40	3	1 MiG tail section, 2 wings	08/08/2013/	09/08/2013
19	CATU4441925	40	3	2 SA-3 missile launchers	08/08/2013	12/08/2013
20	CARU4721702	40	3	2 SA-2 missile launchers	09/08/2013	12/08/2013
21	CARU4722400	40	3	2 SA-2 missile launchers	08/08/2013	12/08/2013
22	TOLU2437239	20	3	2 MiG 21 engines, 2 afterburners	08/08/2013	12/08/2013
23	SCZU1517031 blue	20	3	2 sets of SA-2 bogie wheels 3 sets of SA-3 bogie wheels	08/08/2013	
24	SCZU1514243	20	3	3 SA-2 missile foresections and electronics 6 SA-3 missile foresections and electronics 1 RPG-7 (rocket-propelled grenade launcher) with tandem-charge; rocket motor Assorted commercial munition loading machines	08/08/2013	11/08/2013
25	CBHU086693	20	3	2 MiG 21 engines, 2 afterburners	08/08/2013	12/08/2013

Source: Panamanian authorities

Annex VIII

Cargo found onboard the *Chong Chon Gang*

1. Arms and related materiel

(a) Type and quantities

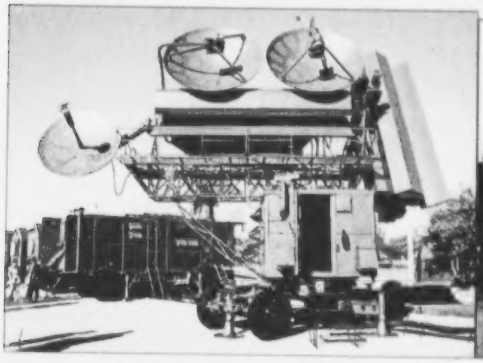
1. A total of 25 standard shipping containers (16 forty-foot and 9 twenty-foot) and 6 trailers were found, for a total of about 240 tons of arms and related materiel.[1] The Panel confirmed the presence of all the items declared by Cuba. The Panel did not find any items not mentioned in this list. Most of the consignment was of former Soviet military origin.

i. Surface-to-air missile systems

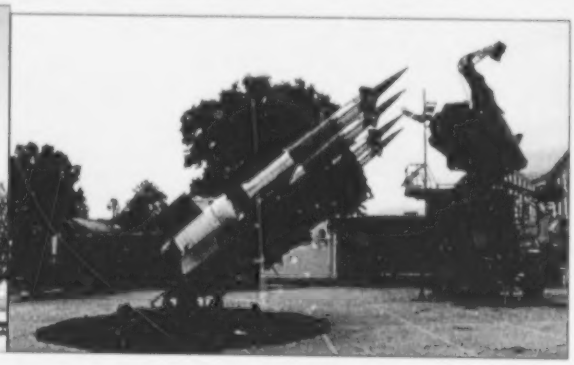
2. The largest part of this shipment consisted of various components of SA-2 (C-75 Volga) and SA-3 (C-125 Pechora)[2] surface-to-air missile systems.

3. It included various components for the associated SA-2 and SA-3 radar systems (Fan Song and Low Blow radars – figure 1) such as the 6 trailers (i.e. the vans housing the system electronics, the operator stations or the power generators); antennas, bases, transmitters and tracking systems, as well as their supporting structures; electric generators; and other miscellaneous equipment (reels of cables, transport trailers, control and measurements instruments, etc.). The trailers were clearly labelled as belonging to Volga and Pechora systems on a loading check sheet in the captain's possession.

Figure 1: Complete SA-2 Fan Song[3] and complete SA-3 Pechora system with Low Blow radar



Source: Miroslav Gyürösi



Source: Wikipedia

4. The original paint scheme of the 6 trailers was matt green and this scheme was painted over in blue gloss paint. The original paint scheme can be seen on the inside of doors and doorframes (figure 2). The damage caused by bags of sugar also reveals the original paint scheme on the roof of some of the trailers (figure 2). All other parts of the surface-to-air missiles systems found in the containers had not been repainted, but kept their

[1] Tonnage as reported by Cuba in its 16 July statement. However, the Panel found that the weight of the containers and trailers on the prestowage plan amounted to 574 tons. The captain's check sheet shows a weight of 474 tons, excluding trailers. The Panel cannot verify which if any of the figures provided or found is correct.

[2] Former Soviet manufacture.

[3] Fan Song and Low Blow are designations used by North Atlantic Treaty Organization.

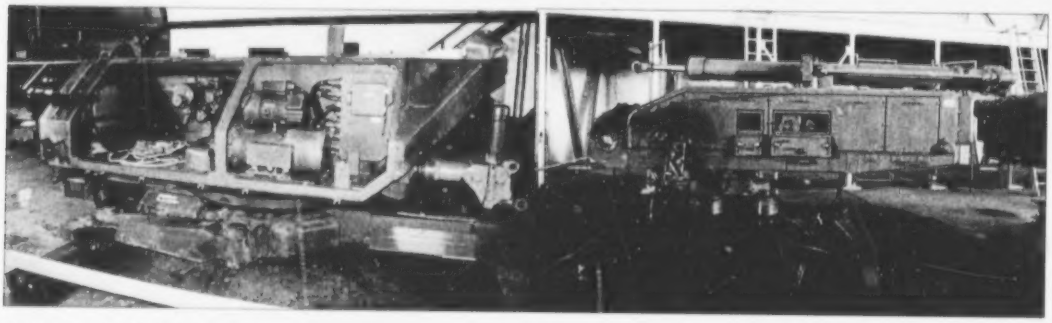
original green or camouflage scheme. This suggests repainting was employed for concealment of military origin and nature, rather than protection against corrosion.

Figure 2: Original paint scheme inside (left) and revealed by damage (right)

Source: Panel of Experts

5. The shipment also contained a total of four SA-2 and two SA-3 launchers, which had been disassembled to fit into standard shipping containers (figure 3).

Figure 3: Disassembled SA-2 (left) and SA-3 launchers (right)

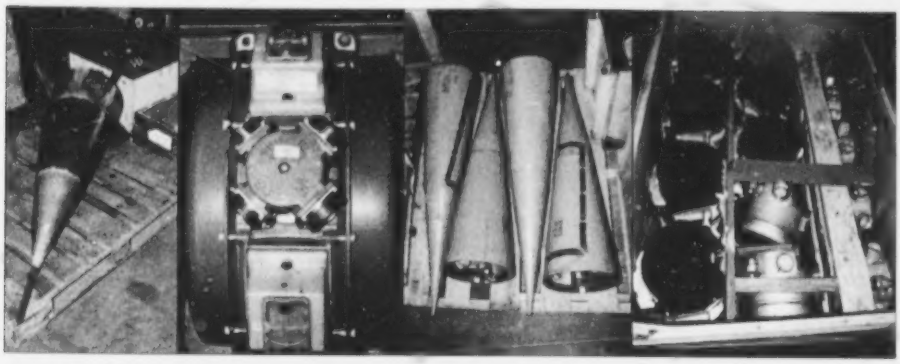


Source: Panel of Experts

6. In addition, various parts for three SA-2 and six SA-3 missiles were in the cargo, such as the nose cones housing proximity fuses, auto-pilots and transponders, transmitter antennas and some actuators (figure 4).[4]

[4] The Panel notes that some of the SA-2 and SA-3 parts could also meet the criteria defined in the list of items, materials, equipment, goods and technology related to ballistic missile programmes (S/2012/947), whose export and import by the Democratic People's Republic of Korea are prohibited. See in particular the Category II, Item 9 of S/2012/947 covering "instrumentation, navigation and direction finding".

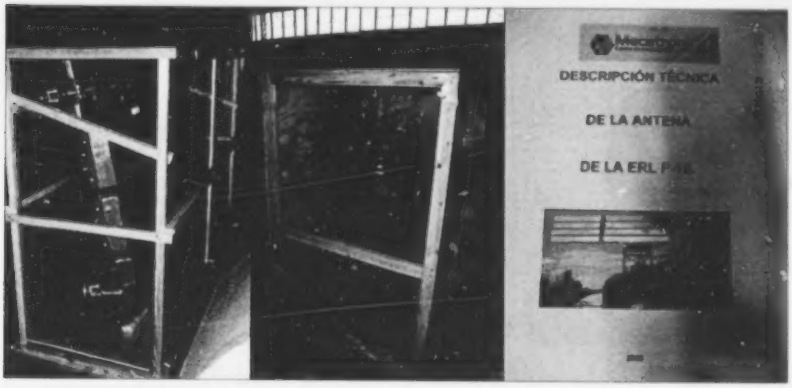
Figure 4: SA-2 and SA-3 missile components



Source: Panel of Experts

7. The shipment also contained a radar antenna, labelled "P-19", and its associated supporting components. The instruction manual and certification report indicate that it is of Cuban manufacture (figure 5).

Figure 5: P-19 radar and instruction manual



Source: Panel of Experts

ii. MiG-21 jet fighters and engines

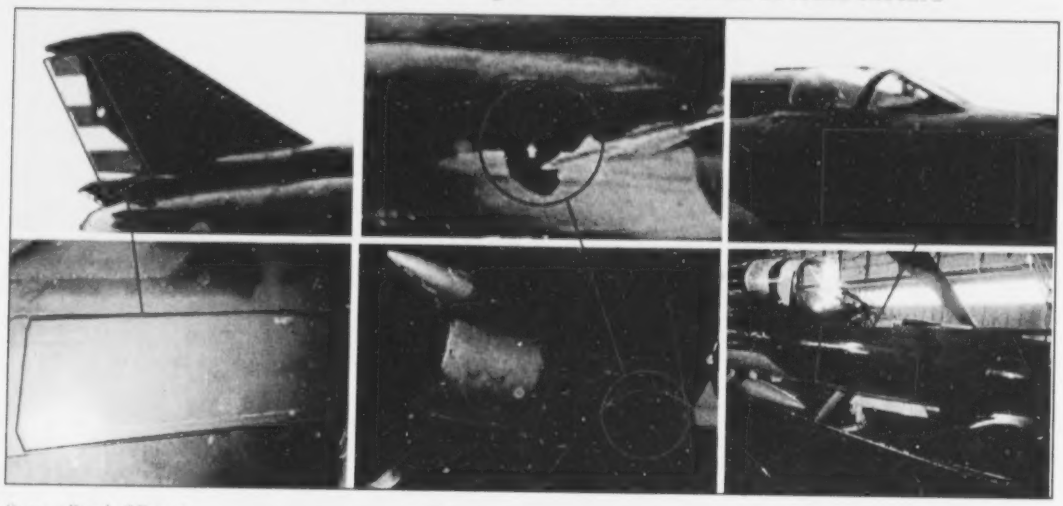
8. Two MiG-21 jet fighters were also found in the containers. Both had been disassembled and the various parts had been packed into several containers (figure 6). The tandem seating configuration and other features indicate that these are MiG-21UM advanced jet trainers. These two jet fighters were shipped along with 15 MiG-21 engines and afterburners (figure 6).

Figure 6: MiG-21 fuselage, tails, wings and engines

Source: Panel of Experts

9. All identification markings and insignia of the Cuban Revolutionary Air Force had been removed from both MiG-21 aircraft; the Panel observed signs of overspray and scratch marks in places dedicated to original insignia (figure 7).

Figure 7: Comparison of Cuban Air Force insignia with that of the MiG-21 found onboard



Source: Panel of Experts

iii. Ammunition and ammunition manufacturing related items

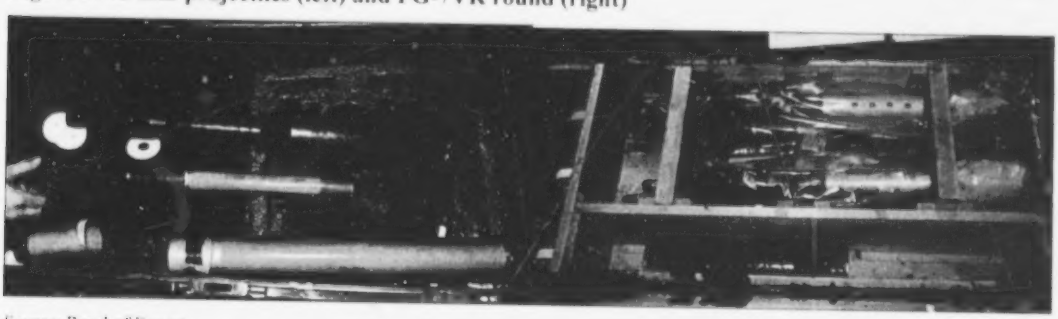
10. The shipment included 10 lots of shells casings (packed with samples of propelling charge but without primers) of various diameters (57 to 152 mm) for various purposes (fragmentation, high explosive, armour piercing and or tracer). Each lot contained between five and eight shell casings (figure 8).

Figure 8: Ammunition boxes (left) and 57 mm fragmentation cartridges (right)

Source: Panel of Experts

11. Eight 73 mm rocket propelled projectiles (PG-9/PG-15 anti-tank and OG-9/OG-15 fragmentation projectiles) to be fired with recoilless rifles, as well as a single PG-7VR round, a high explosive antitank tandem charge to penetrate explosive reactive armour, were also in the shipment (figure 9). The Panel observed that the 73 mm rounds were packed and shipped with at least the nose portion of the fuse in place.[5]

Figure 9: 73 mm projectiles (left) and PG-7VR round (right)

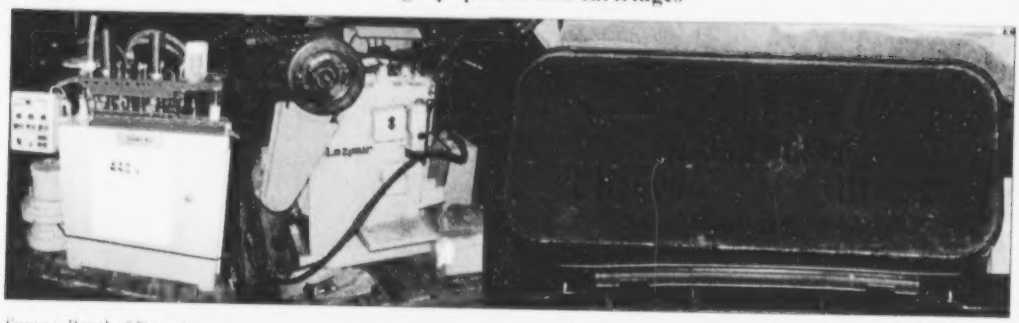


Source: Panel of Experts

12. Further, the shipment contained (figure 10):
- A single box of 7.62 mm cartridges (440 rounds);
- A machine tool for loading shotgun cartridges (12 gauge calibre ammunition);
- Another machine tool for manufacturing 5.56 mm cartridges.

[5] These projectiles use a Point Initiating, Base Detonating fuse which is composed of two elements. The presence of the explosive portion of the fuse cannot be confirmed without disassembling the projectiles.

Figure 10: Ammunition manufacturing equipment and cartridges



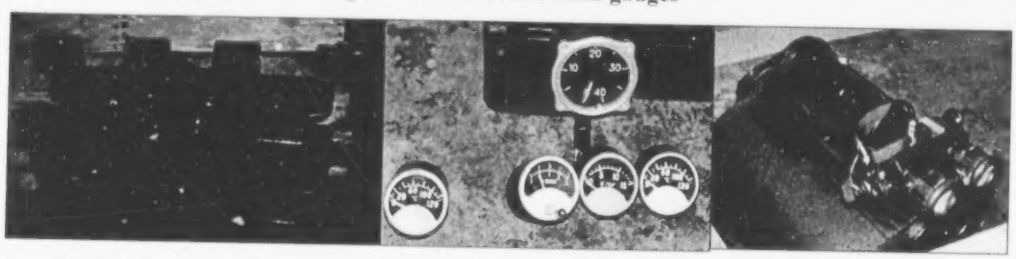
Source: Panel of Experts

iv. Miscellaneous items

13. The shipment also contained various other arms-related items (figure 11):

- A tank track section;
- Various parts for Soviet AO-18 30 mm rotary cannons (firing pin, ejection window, bolt, rings, piston);
- One pair of night vision binoculars;
- A search light that can be fitted on helicopters, fixed wing aircraft or maritime vessels;
- Various gauges (ampere and power meters, tachometer, comptometer).

Figure 11: Tank track section, night vision binoculars and gauges



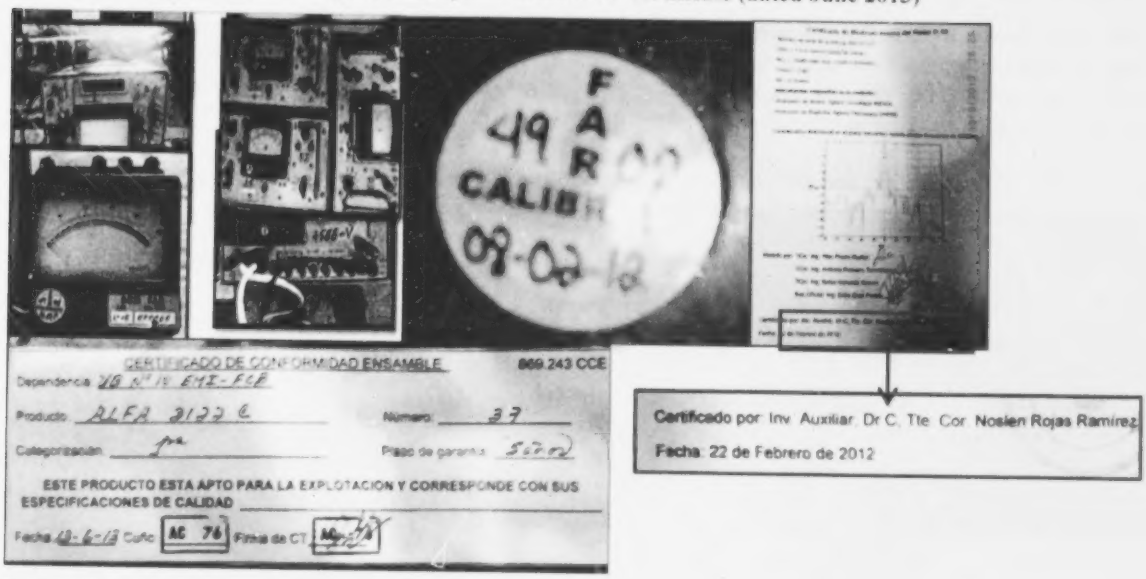
Source: Panel of Experts

(b) Overall condition of the arms and related materiel

14. While the age of the items found in the shipment varied greatly, most appeared to have been well maintained. Records accompanying a great deal of the equipment indicated or certified the equipment functioned in accordance with specification or had been calibrated just prior to packing.

15. A large number of control and measurement instruments in the radar control stations carried stickers indicating that they were calibrated as recently as 2012 (figure 12). The night vision binoculars' documents indicated that their conformity was certified less than one month before the shipment (figure 12). The P-19 radar antenna came with an instruction manual and a complete certification report dated February 2012 (figure 12).

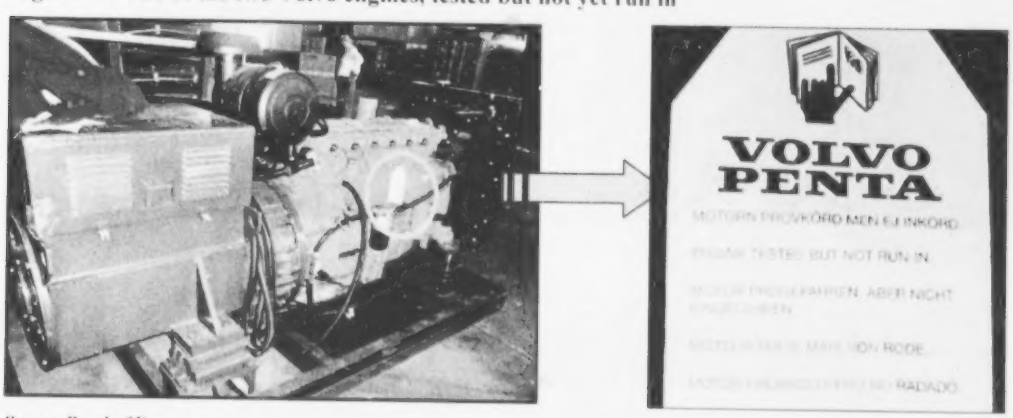
Figure 12: Calibration stickers (dated 2012) and binoculars' certificate (dated June 2013)



Source: Panel of Experts

16. Further, some of the equipment was unused or still in its original packaging. For example, some missile components were in their original delivery packaging and crates from the former Soviet Union (figure 4). The cable reels were also new, still covered with the original wax paper. The generator sets associated to the radar were constituted of new commercial Volvo Penta engines, coupled with Soviet-era electrical generators, acquired in 2010[6] and had yet to be properly run-in (figure 13).

Figure 13: One of the two Volvo engines, tested but not yet run in



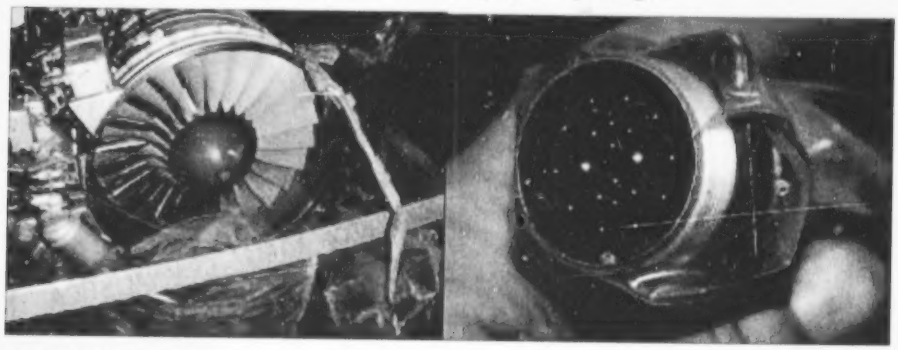
Source: Panel of Experts

[6] Panel confirmed date of purchase with Volvo.

(c) Packing of the items

17. The care shown in handling of some items was inconsistent with the careless packaging and haphazard stowage of others. Some of the items were carefully sealed, labelled and packed methodically with sufficient protective measures. The MiG-21 engines, the missile components or the P-19 radar were protected with grease, sealed and/or encased in special packing material (figures 5 and 14).

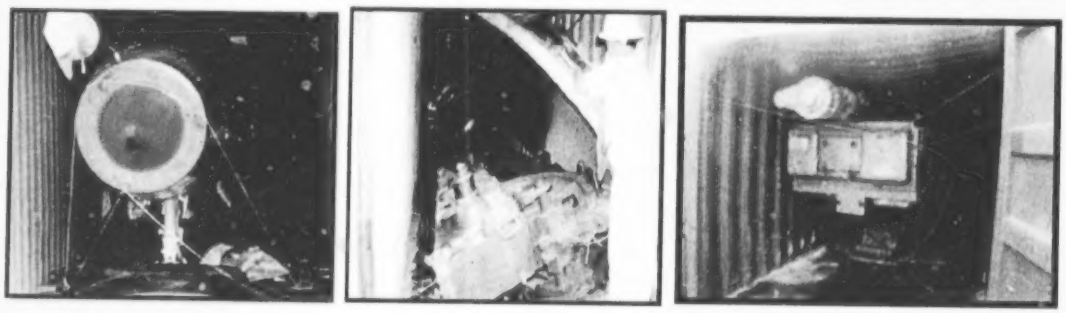
Figure 14: MiG-21 engine (left) and cables (right) well packaged



Source: Panel of Experts

18. Other items were placed loosely in a container. The MiG fuselages and other parts, as well as the SA-2 and SA-3 launchers were poorly secured in the containers using wire and tires (figure 15), presenting a risk of breaking free and being extensively damaged in rough seas.

Figure 15: Loose packaging observed in containers — MiG-21, Low Blow radar and SA-3 launcher



Source: UNODC

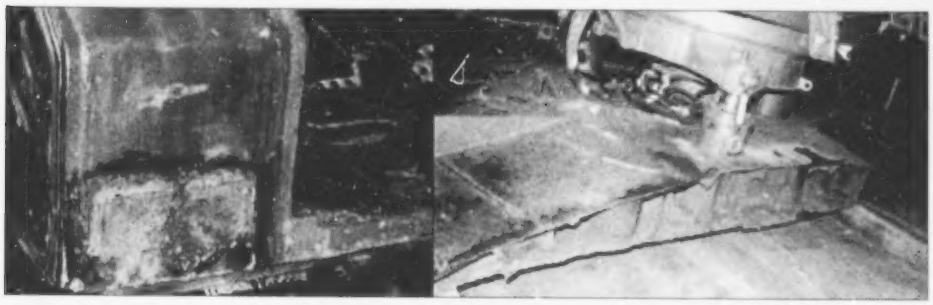
19. The packaging of the various logbooks was also inconsistent. The logbooks of the missiles and related components were packaged in plastic and placed in crates, just like the record books for the calibration instruments, but those for the aircraft were placed in an old recycled cardboard box of "vegetable oil" (figure 16).

Figure 16: Poor packaging of MiG-21 logbooks

Source: Panel of Experts

20. Further, some of the items had to be substantially altered to fit into the shipping containers. All hand and foot holds of the SA-2 launchers and a significant portion of the SA-3 launchers' base had been roughly cut-off using oxy-acetylene torches (figure 17).

Figure 17: SA-2 and SA-3 parts chopped off in order for launchers to fit into the containers



Source: Panel of Experts

21. Korean markings and inscriptions found on packaging, logbooks and equipment (including those painted on the aircraft) point to prior involvement of personnel from the Democratic People's Republic of Korea with this equipment (figure 18). The Cuban authorities confirmed that specialists from the Democratic People's Republic of Korea had been in Cuba in 2012 to assess the equipment and marked them for reference purposes. If these activities in Cuba were conducted to provide services or assistance related to the provision, maintenance or use of such arms and related materiel, they would also have been a violation of paragraph 8 (c) of resolution 1718 (2006) and paragraph 9 of resolution 1874 (2009), as clarified by paragraph 7 of resolution 2094 (2013).

Figure 18: Examples of Korean writing on crates and equipment

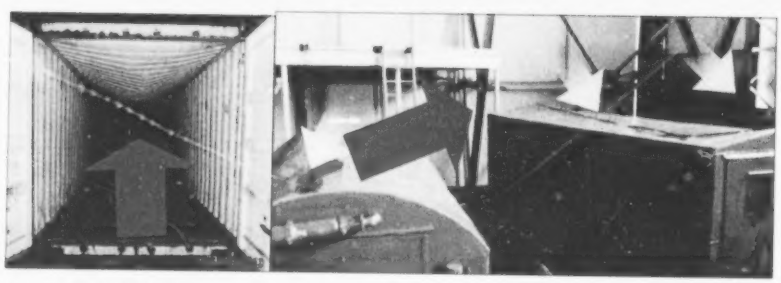
Source: Panel of Experts

22. Cuba explained to the Panel that original packing materials were no longer available given the age of much of the equipment. Thus packing it for shipment posed significant challenges and Cuba had to resort to methods which other countries might not. In this regard, they said this shipment was unlike any other they carried out in the past twenty years.

(d) Dangerous stowage practice

23. The loading of the arms and related materiel on-board the *Chong Chon Gang* was poorly conceived and executed and did not comply with standards or best practices. The sugar bags placed on top caused considerable damage to the shipping containers and trailers (figure 19). In addition, should the bags of sugar break, leakage of sugar into the equipment would have caused damage. Sugar takes and retains moisture and creates treacle-like stickiness, which causes corrosion and adhesion of impurities. It is also a serious risk to electronics in terms of moisture damage.

Figure 19: Damage caused to the containers and trailers



Source: Panel of Experts

24. More importantly, loading the sugar on top of the arms shipment placed at risk the ship, its crew and any other ships or infrastructure in close proximity. An explosion of ammunition tamped down with sugar could have caused considerable damage. The *Chong Chon Gang* has a history of fire-related deficiencies[7] and no measures had been taken to allow constant monitoring of the ammunition's container or to flood the compartments in the event of a fire or heat build-up. This is a clear indication that concealment took priority over appropriate safety precautions and potential risks to life, shipping, and related infrastructure.

25. In addition to not submitting the requisite hazardous cargo declaration seven days prior to entering the Panama Canal, the ammunition stowed on-board did not conform to regulations relating to dangerous goods.

[7] A Port State Control inspection in Saudi Arabia in June 2010 noted several deficiencies regarding fire detection and readiness of fire-fighting gear. Lloyds List Intelligence and Mediterranean MoU on Port State Control.

The International Maritime Organization (IMO) promulgated the International Maritime Dangerous Goods (IMDG) Code[8] as a uniform international code for the transport of dangerous goods by sea to supplement the International Convention for the Safety of Life at Sea (SOLAS). It includes provisions for the classification, packing, marking, labelling, documentation and stowage of dangerous goods. Similarly, the International Ammunition Technical Guidelines developed by the United Nations Office for Disarmament Affairs, recommends that when ammunitions are transported by sea:[9]

a) Prior to the voyage the consignor of the ammunition should liaise with the master of the vessel to agree the most appropriate location(s) for ammunition containers on the vessel stow plan.

b) Each transport movement of ammunition should be accompanied by cargo documentation/freight papers. Hand-over/take-over protocols requiring signatures upon receipt should also be in place.

26. The Panel found no indications that such documents or protocols were established for the ammunition shipped on-board the *Chong Chon Gang*. Further, Cuba indicated to the Panel that the decision on the location of the cargo was the sole responsibility of the captain.

27. Cuba explained that the explosive elements of the ammunition had mostly been removed. All ammunition had been placed in a separate container, and the rocket-propelled projectiles and 7.62 cartridges were in their original water-proof packing.

(e) Inconsistencies and other considerations

28. In its 16 July statement and follow-up communications with the Committee and the Panel, the Cuban Ministry of Foreign Affairs indicated that the arms and related materiel were being sent for evaluation, diagnosis, repair and/or verification. Cuba said certain items in the consignment might not appear to require repair, but instead required assessment to ensure continued effectiveness, or were past their proper period for repair.

29. The Panel was told this consignment was part of an agreement between Cuba and the Democratic People's Republic of Korea. Cuban authorities did not provide a copy of this agreement but indicated that it included a requirement *"to perform the diagnosis, repair, monitoring, physical and laboratory tests"* of the equipment in the consignment prior to the costing for the work being agreed upon (the amount, conditions and form of compensation were to be agreed within a period of up to six months after initial evaluation by Democratic People's Republic of Korea technicians).

30. However, it is the Panel's view that examining individually the items and their handling suggest that some, if not all, of the consignment was not expected to be returned to Cuba:

- Some of these items are irreparable (the tank tracks, the AO-18 cannon parts, the shells casings, the rocket propelled projectiles, 7.62 mm cartridges) or were not in immediate need of repair because their proper functioning had been certified recently (the night vision binoculars, the control and measurement instruments) or were unused and still in their original packaging. Their small quantity and variety, however, suggest these were possibly a precursor to a larger order.
- The packing of some of these items was clearly inconsistent with standards of care expected when items of value are to be shipped for later return in respect of conservation of their condition.

[8] The IMDG Code supplements the regulations contained in the International Convention for the Safety of Life at Sea (SOLAS). Amendments to SOLAS chapter VII (Carriage of Dangerous Goods) adopted in May 2002 make the IMDG Code mandatory from 1 January 2004

[9] International Ammunition Technical Guidelines on the transport of ammunition, IATG 08.10, dated 1 October 2011.

- The alterations made to some of the items (SA-2 and SA-3 launchers) to fit them into standard shipping containers are also not appropriate for items to be repaired and returned. Moreover, these items would have to have the same alterations made for return via shipping containers.
- The removal of all identification markings and insignia of the Cuban Revolutionary Air Force on the MiG-21 jet fighters erased visible signs of Cuban ownership. This, in addition to the use of permanent ink on documents and logs, and paint on equipment (as opposed to erasable materials or removable tags/ labels) suggest a change of ownership.
- The Panel also considers it very unusual that a Statement of Work was not prepared prior to the consignment's departure because the consignor is left unable to make an estimate of costs versus affordability and benefits.

31. Some of the systems found in the containers could be cannibalised to provide spare parts to maintain its own aging systems. In particular, the Democratic People's Republic of Korea is known to be actively seeking MiG-21 aircraft and engines.[10] The presence of unused equipment and equipment still in its original packaging suggests the disposal of war reserve stock being phased out of service or surplus to current needs.

32. Cuba explained to the Panel that it has close military ties with the Democratic People's Republic of Korea. Both have historically relied on Soviet-era weaponry to equip their armed forces, and the Democratic People's Republic of Korea has maintained maintenance and repair facilities and factories for many of these older-generation weapons systems, leading Cuba to seek the assistance of a traditional ally with a capability to repair such equipment.

33. Cuban authorities indicated to the Panel that, despite close cooperative ties, there was no previous shipment of arms and related materiel under this agreement or any other agreement from Cuba to the Democratic People's Republic of Korea. While the Panel cannot corroborate or refute this, it notes that the voyage of another Democratic People's Republic of Korea-flagged and -owned vessel to Cuba presents a very similar pattern to the recent voyage of the *Chong Chon Gang*.

34. On April 2012, the general cargo vessel *O Un Chong Nyon Ho* (IMO 8330815) operated by OMM,[11] sailed directly from Nampo to Cuba and back without any further calls in the region. After having stopped in Havana and Puerto Padre, the *O Un Chong Nyon Ho* drifted for several weeks off northern Cuba before returning for three weeks to Havana. Its Automatic Identification System was switched off (in violation of IMO requirements) during these three weeks, however, effectively preventing determination of further ports' calls, as in the case of the *Chong Chon Gang*.

2. Sugar

35. According to the cargo manifest dated 4 July, bagged raw sugar and spare polyethylene bags destined for Nampo were the only cargos declared by the *Chong Chon Gang*. The raw sugar was divided into two consignments: the first bill of lading was for 200,018 50-kg bags and the second for 10,001 50-kg bags. Both were dated 4 July, and the total gross weight amounted to more than 10,500 tons.[12]

[10] See the Panel's unpublished 2011 Final Report and 2012 Final Report (S/2012/422).

[11] Equasis.

[12] Its total estimated value is US$ 3,925 992 at $ 0.1696 per lb (www.indexmundi.com). The calculation is based upon a quantity of 10,500 tons; the Panel notes that a different total weight of 10,229.064 tons was found in the loading report.

36. Both consignments listed the same shipper, Cubazucar, and consignee, Korea Central Marketing & Trading Corporation. Freight charges were payable as per the charter party.[13] The ship's agent, Consignataria Mambisa, had been dealing with the OMM Vladivostok branch and on its invoices named the client as "Ocean Maritime Management – Brasil".[14] This points to involvement of a Brazil branch of OMM in this shipment.

37. Cuban authorities told the Panel that the sugar consignments were unrelated to the military consignment, and that the sugar was only for domestic consumption. Authorities declined the Panel's request for copies of the contract(s) on the basis of a commercial confidentiality clause in the contract. According to Cuba, the consignment of sugar was bartered in exchange for a shipment of hot rolled steel plates and locomotive wheels. The nominal 'buyer' of the sugar was Korean Central Marketing and Trading Corporation. Cuban authorities did not supply key information for this company (such as names of contacts, addresses, telephone or fax numbers) suggesting instead that the Panel should contact the Pyongyang Chamber of Commerce for the details. The Panel could not locate any recent information on the company, but its research findings indicate that it may possibly be now known as Korea General Marketing and Trading Company,[15] or that the name might be being used as an alias.

38. The Panel cannot conclusively confirm the sugar consignment was unrelated to shipment of arms and related materiel. It finds it plausible that, though physically linked, the two cargos are not contractually linked. The Panel calculates that the estimated value of the sugar, US $3.8 million, is comparable to the combined value of the hot rolled steel and locomotive wheels delivered by the *Chong Chon Gang*, US $3.7 million.[16] This comparison excludes the springs and other unknown items for which the Panel has no basis to construct a complete estimated value.

[13] Confirmed by the representative for Cubazucar during consultations in Havana.

[14] The Panel had access to invoices issued by the Puerto Padre agency of Consignataria Mambisa dated 30 June and 5 July.

[15] The most recent record found by the Panel about Korean Central Marketing and Trading Corporation is dated 2005. According to this information, this entity was a state institution under the Ministry of Foreign Trade which controlled a market in Unha-dong, Pothonggang District, Pyongyang and promoted joint ventures (see "Korean Central Marketing and Trading Corporation", *KCNA*, 13 December 2005). A more recent publication, *Foreign Trade of the DPRK* (issue No. 3, 2008) contained reference to a company named Korea General Marketing and Trading Corporation (Unha-dong, Pothonggang, Democratic People's Republic of Korea; Tel +850-2-3815926 and Fax +850-2-3815827; email: kftc@co.chesin.com). Considering the similar names and lines of business, the Panel believes it likely that General Marketing is an alias for Central Marketing.

[16] The value of the hot rolled steel, if new, could be around US$ 3.66 million (5,341 tons with a July 2013 price at US$ 673 per ton) and the value of the locomotive wheels at US $36,000 (12 units valued at US $ 3,000 each). The calculation is based on figures from www.steelonthenet.com and alibaba.com.

Annex IX

"Secret" instructions given to the captain concerning the arms and related material consignment

칠전긴 선장님 (비밀)

안녕하십니까
선박에 수고 많았습니다.
무사하지 만일에 대사에 안전하게 조직하여 출정을 부탁합니다.
이미 통지서류를 받았으리라고 보면서 구매-주국 주기록때문에 주기적인
참자지시를 줍니다.

이하 지시내용을 선장,조직부장,모범원까지만 알고 부선장에게는 아마나 입항
>일전에 알려주어 PLAN을 세도록 하여 주기 바랍니다.

아마나에서 하선후 아마나에서 20톤트 콘테나 26지을 상선합니다.
콘테나를 넘지 싣고 싸망(다음항구)을 콘테나 무게 상선하여 콘테나을 사망
10,000불으로 절대 콘테나가 나더나서 없도록 하여야 합니다.

이와 관련하여 전문을 보냅때 :

콘테나 - 기재두속
개수 - 시험수로 표기하여야 함

주 <기재두속 26지을 상선함> 이라는 식으로,

콘테나 척선포 관련하여 앞으로 보고하지 않아도 되지만 보고하여야 할
필요성이 있는 경우 두와 같이 보고하기 바랍니다.

아나마에서 콘테나를 세관신고하지 않는것을 전제로 하지만 신고하여야 할
경우 <아나마에서 세통금 26K 조직하였음 >고 하면 콘테나를 아나마에서
신고하려는 목으로 리해하여 주기 바랍니다.

신고해야 하는 경우 :

SHIPPER - METAL CO.,HAVANA
NOTIFY - FERROUS EXPORT AND IMPORT CO
CONSIGNEE - TO ORDER

CARGO - GENERATORS
QUANTITY - 26 PACKAGE / 127 TONS

False Declaration

서류는 부선장 명의로 B/L,MANIFEST 를 만들어 신고하기 바랍니다.

아나마에서 콘테나를 세관신고하지 말아야 할 경우 <아나마에서 세통금 26K 조직하지 않았음 > 이라고 하면 세관신고하지 않는것으로 리해하여 주기 바랍니다.

안전항차를 바랍니다.

경의

선장동지

이 전문을 받고 리해한 점검을 < 베나마 세통금 지시 > 를 접수 및 리해하였다는 확인을 본사에 주기 바랍니다.

Source: Panamanian authorities

Annex X

Unofficial translation of the "secret" instructions

Dear Captain of Chong Chon Gang (Secret),

Greetings!

Believing that it must be hard to make such a long voyage, I wish you organize everything well until arriving at Cuba safely.

While you must have already received sailing instruction, I am giving you **additional instructions** regarding the **additional cargo from Cuba** to homeland as follow. The instructions should be known only to the Captain, Political Secretary and Security Officer. **Five days before arriving at Havana, please inform the Deputy Captain** so that he could make a *[loading]* PLAN.

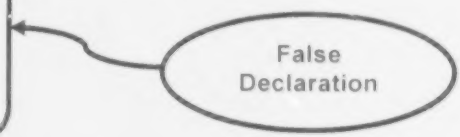
After unloading in Havana, **load the 26 20-foot containers**. Load the containers first and **load the 10,000 tons of sugar (at the next Port) over them so that the containers cannot be seen.**

When you send communication in this regard, **use the following description**:
Container → **Mechanical parts**
Number → number of boxes
For example <loaded **26 boxes** of mechanical parts>

While you do not need to send a daily report on this shipment of containers, if necessary, report as described above.

In principle, the containers will not be declared to Customs in Panama. However, if it is required for you to do so, you will receive a message < Payment arranged for **26K** in Panama > which you shall understand as having to declare the containers in Panama.

If you need to make a declaration, do as follows:
Shipper - Metal Co, Havana
Notify - Ferrous Export and Import Co
Consignee - To Order
Cargo – Generators
Quantity – 26 package / 127 tons



I will leave it up to you regarding the other matters on the declaration such as B/L and Manifest.

If the containers should not be declared to customs in Panama, you will receive a message < Payment was not arranged for 26K in Panama > which you shall understand as not declaring the containers.

I wish you a safe voyage.

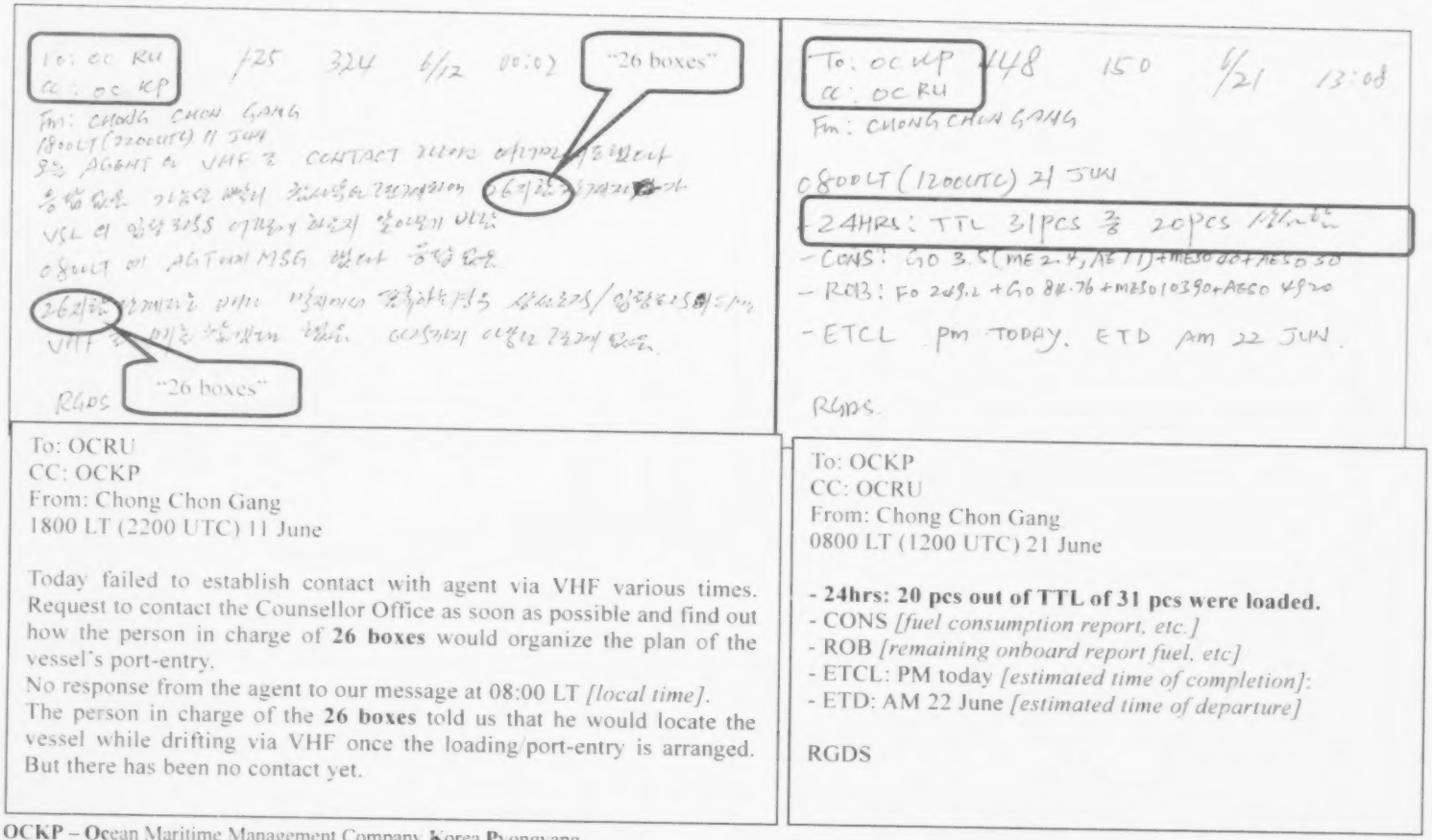
Salute.

(PS) Please confirm to Headquarters that you have received and understood these instructions by submitting the following message **< Instruction on the payment in Panama >**

Source: Panel of Experts

Annex XI

Communications from *Chong Chon Gang* to OMM referencing "26 boxes" (top left) and loading of containers and trailers (top right) and their unofficial translation (bottom left and right)



To: OCRU
CC: OCKP
From: Chong Chon Gang
1800 LT (2200 UTC) 11 June

Today failed to establish contact with agent via VHF various times. Request to contact the Counsellor Office as soon as possible and find out how the person in charge of **26 boxes** would organize the plan of the vessel's port-entry.
No response from the agent to our message at 08:00 LT *[local time]*.
The person in charge of the **26 boxes** told us that he would locate the vessel while drifting via VHF once the loading/port-entry is arranged. But there has been no contact yet.

To: OCKP
CC: OCRU
From: Chong Chon Gang
0800 LT (1200 UTC) 21 June

- 24hrs: 20 pcs out of TTL of 31 pcs were loaded.
- CONS *[fuel consumption report, etc.]*
- ROB *[remaining onboard report fuel, etc]*
- ETCL: PM today *[estimated time of completion]*:
- ETD: AM 22 June *[estimated time of departure]*

RGDS

OCKP – **O**cean Maritime Management Company **K**orea **P**yongyang
OCRU - **O**cean Maritime Management Company **Ru**ssia

Source: Panamanian authorities (unofficial translation by Panel of Experts)

Annex XII

Message from OMM regarding transportation fee for an "additional cargo of 200 tons"

STRATOS CSAT 204999128456002 24-JUN-2013 06:32:19 280850

From: oceanmm@silibank.net.kp
Date: 06/24/2013 06:30:14 AM
Subject: JISIGEN
TO MV CCG
FM OCEAN

From: Ocean
(OMM head office, Pyongyang)

-SENUEN MAZ GEMSU CHAIGIMZEG EURO HAMYE MUNGEN GOANGYEI ZENGHOAGHI GEMID S
UPYO HABI BARAM.
AGENT OA NOR ZEICHUL/ZEBSU HOAGIN BADGO MAIIL SOF, TALLY REPORT DAIZO/MAZ
SUPYO HAMYE CHULHANG ZEN FINAL TALLY REPORT, M/R,B/L BALGEUB ZENGHOAGHI HA
GI BARAM.
-SANGSEN EUN YONGSENZU BUDAM EURO SHORE CRANE RO HAMYE YODU DOIMYEN BAI GI
ZUNGGI BOZANG HANEUNGES EURO GYEIYAG HAYESS EUM EUL CHAMGO BARAM.
-CHUGA HOAMUL 200TON UNIM EUL K2 RO ZEGRIB HAGEISS EUM.
GUIHANG HU CASH RO IBGEUM SIKIGI BARAM.
-HANGCHA SIZAG HAYE HYENZAT OGAZI DIESEL OIL SOBI DAIRYAG 30MT, ILDANG 2MT
SOBI HANGES EURO DOIM.
GIREUM ZELYAG EUL CHOIDAIRO N[illegible]HAIZUGI BARAM.

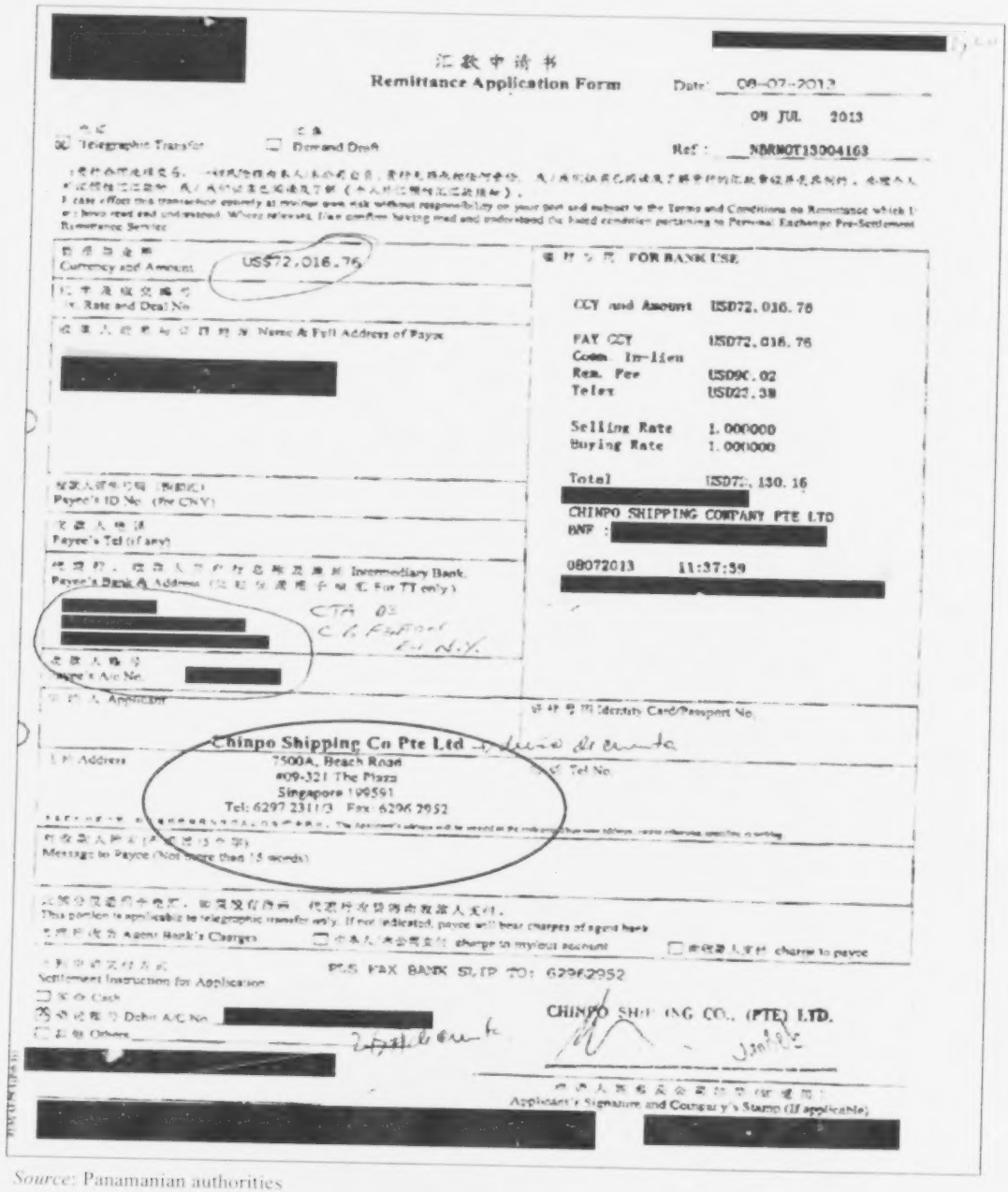
RGDS

"Transportation fee for the **additional cargo of 200 tons** will be transferred to K2. Deposit in cash after setting off for sailing."

Source: Panamanian authorities

Annex XIII

Application for payment submitted by Chinpo Shipping Company on behalf of OMM Russia



汇款申请书
Remittance Application Form

Date: 09-07-2013
09 JUL 2013

☒ Telegraphic Transfer ☐ Demand Draft

Ref : NBRMOT13004163

Currency and Amount: US$72,016.76

FOR BANK USE

CCY and Amount USD72,016.76
PAY CCY USD72,016.76
Comm. In-lieu
Rem. Fee USD9C.02
Telex USD22.38
Selling Rate 1.000000
Buying Rate 1.000000
Total USD72,130.16

CHINPO SHIPPING COMPANY PTE LTD
BNF :

08072013 11:37:39

CTA 03
C/F Fintech
For N.Y.

Chinpo Shipping Co Pte Ltd
7500A, Beach Road
#09-321 The Plaza
Singapore 199591
Tel: 6297 2311/3 Fax: 6296 2952

Message to Payee (Not more than 15 words)

This portion is applicable to telegraphic transfer only. If not indicated, payee will bear charges of agent bank

Agent Bank's Charges ☐ charge to my/our account ☐ charge to payee

P.S. FAX BANK SLIP TO: 62962952

Settlement Instructions for Application
☐ Cash
☒ Debit A/C No.
☐ Others

CHINPO SHIPPING CO., (PTE) LTD.

Applicant's Signature and Company's Stamp (If applicable)

Source: Panamanian authorities

Annex XIV

Communication between Ocean Maritime Management Company Russia (OCRU) and the shipping agent in Panama falsely stating that the ship was only carrying sugar (top) and showing that OCRU knew of the need to declare all containers (bottom)

From: Ocean Russia D <oceanvld@gmail.com>
Sent: Wednesday, July 03, 2013 12:05 AM
To: Operations
Subject: RE: Materials for MV Chong Chon Gang

To: Shipping Agent
Fm: Ocen Ru

Re: MV CCG – transit Pancanal
==

Good day, dear Shipping Agent

Kindly be informed that MV Chong Chon Gang wud arrive at Pancanal by 10th Jul.
Pls revert us best proforma d/a and any needed documents for this vsl on transit purpose.
Vsl will arrive there with bgd sugar ldd at Cuba.

Meantime, Owners had arrange bunkering of this vsl thru their channel at Pancanal.
Local supplier will contact with you directly.

Brgds
Han

From: Operations [mailto:[redacted]
Sent: Tuesday, May 14, 2013 8:31 AM
To: Ocean Russia D; Operations
Subject: RE: MV CHONG CHON GANG - ETA AND DOX

Good day Captain,

Kindly notice that derrating certificate is expired and please confirm if you will renewal same before arrive Panama or here.

Regarding containers declare on the cargo declaration form, the following information is require. Container number, stowed, size (20, 40), type (general or specialized), weight (cannot exceed 35 MT), size type (HC or STD).

Please confirm your ETA Panama Canal.

Best regards,

OCRU - Ocean Maritime Management Company Russia

Source: Panamanian authorities

Annex XV

False declaration submitted to the Panama Canal authority via the local shipping agent

FRECUENCY IN PANAMA CANAL

TOTAL VISITS 2

DETAIL FRECUENCY

ARRIVAL LOCATION	ETA	ARRIVAL DATE/TIME
BALBOA	30-MAY-2013 10:00	30-MAY-2013 08:13
CRISTOBAL	05-AGO-2008 11:00	05-AGO-2008 12:05

PORTS DECLARATION

PREVIOUS PORTS SECURITY INFORMATION

PORT NAME	COUNTRY	DEPART DATE	MARSEC LEVEL
DALIAN	CHINA	22-NOV-2012	LEVEL 1
KOJONG	KOREA (SOUTH))	16-DEC-2012	LEVEL 1
CHONGJIN	KOREA (DEMOCRA.)	17-JAN-2013	LEVEL 1
ZHENJIANG	CHINA	24-JAN-2013	LEVEL 1
CHONGJIN	KOREA (DEMOCRA.)	25-MAR-2013	LEVEL 1
HUNGNAM	KOREA (DEMOCRA.)	08-APR-2013	LEVEL 1
CHONGJIN	KOREA (DEMOCRA.)	11-APR-2013	LEVEL 1
VOSTOCHNIY PORT	RUSSIA	17-APR-2013	LEVEL 1
HABANA	CUBA	22-JUN-2013	LEVEL 1
PUERTO PADRE	CUBA	06-JUL-2013	LEVEL 1

NEXT PORT OF DESTINATION

PORT NAMPO COUNTRY KOREA (DEMOCRA.)

CARGO DECLARATION

PRECAUTIONARY DESIGNATOR (PD) N

DRAFT	TFW	TSW
FORWARD	28/07	28/07
AFT	29/09	29/09

DETAIL CARGO DECLARATION

LOCATION .....

METRIC TONS .....

UN No. .....

IMO .....

PROPER SHIPPING NAME / BC NAME .....

CONTAINED AS

REMARK CANE SUGAR (RAW SUGAR)

Reference to Port Mariel was omitted.

Only sugar was

Annex XVI

Cargo manifest submitted to Panamanian authorities falsely stating that *Chong Chon Gang*'s only cargo was sugar

IMO CARGO DECLARATION

M.V "CHONG CHON GANG"
7937317
HMZF

PUERTO PADRE, CUBA

DPR KOREA

RI YONG IL

NAMPHO PORT

TWO HUNDRED THOUSAND EIGHTEEN BAGS OF CUBAN RAW SUGAR OF THE 2012/2013 CROP PACKED IN POLYTHENE LINED POLYPROPYLENE BAGS OF ABOUT 50 KG NET EACH
OF ABOUT 50 KG NET EACH
200 018 BAGS
TWO THOUSAND EMPTY POLYETHYLENE SPARE BAGS FREE OF CHARGE
2000 EMPTY BAGS

WEIGHING METRIC TONS
GROSS 10 028.462
TARE 28.440
NET 10 000.022

TEN THOUSAND ONE BAGS OF CUBAN
RAW SUGAR OF THE 2012/2013 CROP PACKED IN
POLYTHEMF LINED POLYPROPYLENE BAGS
OF ABOUT 50 KG NET EACH
ONLY BAGS
ONE HUNDRED EMPTY POLYETHYLENE SPARE BAGS FREE OF CHARGE
100 EMPTY BAGS

WEIGHING METRIC TONS
GROSS 500.602
TARE 1.420
NET 500.000

"CLEAN ON BOARD"

FREIGHT PAYABLE AS PER CHARTER PARTY

DPR OF KOREA

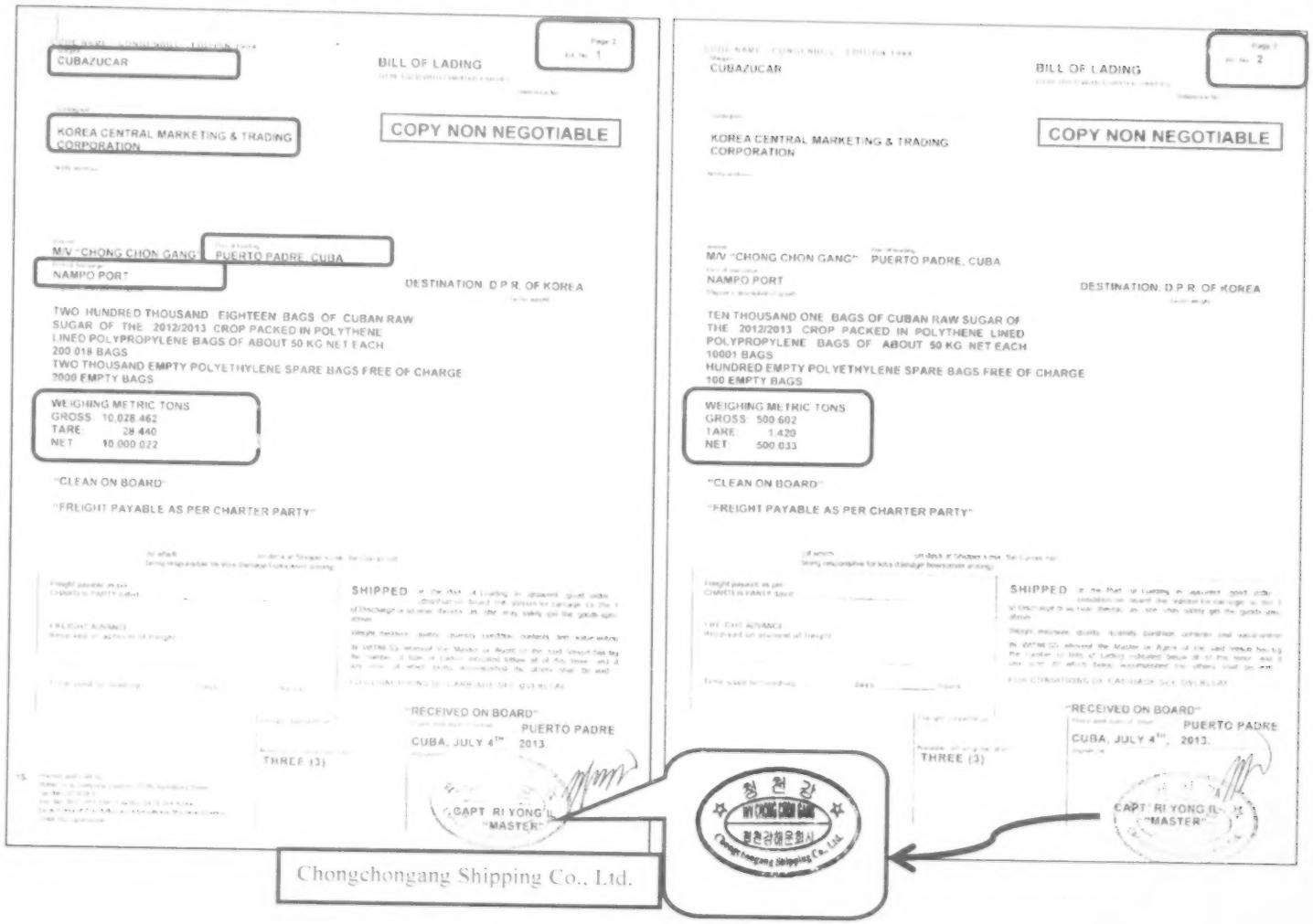
FOR AND ON BEHALF OF THE SHIP'S MASTER
SHIP'S AGENT

WE CERTIFY THAT THIS CARGO MANIFEST CONTAIN ONLY (1) ONE PAGE

Source: Panamanian authorities

Annex XVII

Bills of lading for the sugar consignments



CUBAZUCAR

BILL OF LADING

Page 2 No. 1

KOREA CENTRAL MARKETING & TRADING CORPORATION

COPY NON NEGOTIABLE

M/V "CHONG CHON GANG" PUERTO PADRE, CUBA

NAMPO PORT

DESTINATION D.P.R. OF KOREA

TWO HUNDRED THOUSAND EIGHTEEN BAGS OF CUBAN RAW SUGAR OF THE 2012/2013 CROP PACKED IN POLYTHENE LINED POLYPROPYLENE BAGS OF ABOUT 50 KG NET EACH
200 018 BAGS
TWO THOUSAND EMPTY POLYETHYLENE SPARE BAGS FREE OF CHARGE
2000 EMPTY BAGS

WEIGHING METRIC TONS
GROSS 10,028.462
TARE 28.440
NET 10,000.022

"CLEAN ON BOARD"

"FREIGHT PAYABLE AS PER CHARTER PARTY"

SHIPPED

"RECEIVED ON BOARD"
PUERTO PADRE
CUBA, JULY 4TH, 2013

THREE (3)

CAPT. RI YONG IL
"MASTER"

청천강
M/V CHONG CHON GANG
청천강해운회사
Chongchongang Shipping Co., Ltd.

CUBAZUCAR

BILL OF LADING

Page 2 No. 2

KOREA CENTRAL MARKETING & TRADING CORPORATION

COPY NON NEGOTIABLE

M/V "CHONG CHON GANG" PUERTO PADRE, CUBA

NAMPO PORT

DESTINATION D.P.R. OF KOREA

TEN THOUSAND ONE BAGS OF CUBAN RAW SUGAR OF THE 2012/2013 CROP PACKED IN POLYTHENE LINED POLYPROPYLENE BAGS OF ABOUT 50 KG NET EACH
10001 BAGS
HUNDRED EMPTY POLYETHYLENE SPARE BAGS FREE OF CHARGE
100 EMPTY BAGS

WEIGHING METRIC TONS
GROSS 500.602
TARE 1.420
NET 500.033

"CLEAN ON BOARD"

"FREIGHT PAYABLE AS PER CHARTER PARTY"

SHIPPED

"RECEIVED ON BOARD"
PUERTO PADRE
CUBA, JULY 4TH, 2013

THREE (3)

CAPT. RI YONG IL
"MASTER"

Annex XVIII

Communication conveying letter of protest from OMM for Panamanian authorities stating that *Chong Chon Gang* was only carrying sugar

SIRATOS CSAI 204999123456002 11-JUL-2013 19:15:53 384982

From: oceanmm@silibank.net.kp
Date: 07/11/2013 07:15:22 PM
Subject: MV CHONG CHON GANG
TO MV CHONG CHON GANG
CC OCEAN RUSSIA
FM OCEAN

From: Ocean (OMM head office, Pyonyang)

GINGEUB
AGENT ROBUTE SUSA DANGGUG I ZACHEIRO BAI REUL CRYSTOBAL PIER RO IBAG SIKI EISSDAGO HANDAGO HAM.
GANGZEI RO GGEULGO GAZI MOS HADOROG ANCHOR TUMYO REUL DEUNDEUNHI HALGES.
-BAI NEUN BAI EI SILRIN SATANG GARU 10200TON EUN ENEU GAIBYELZEG HOISA EL SANGEB ZEG HOAMUL I ANIRA KOREA-CUBA EUIZENGZO HOAMUL IGI DDAIMUNEI ZOSE ZENGBU DA CUBA ZENGBU EUI HABBEBZEG SEUNGIN EBSINEUN GEU EDDEN GYENGU EI O BAI ZACHEIRO HASEN HALSU EBSDANEUNGES EUL OANGANG HAGEI ZUZANG HAMYE HA EN EUL BANDAI HALGES.
HANPYEN BAI REUL CHULHANG SIKIGI UIHAI HAIDANG GIGOAN DEUL EISE GAGBANG E RO NORYEG HAGO ISSEUM EUL CHAMGO BARAM.
-OCEAN RUSSIA NEUN DAEUM EUI DAMBOSE REUL HAIDANG GIGOAN DEUL EI ZENDAL H MYE BAI NEUN PANAMA DANGGUG I DAMBOSE EI SEMYENG HAYE BONSA EI BONAI DASE ANEUN HOAGIN I ISSEUL DDAI GGAZI BAI EUI BUDU GANGZEI CHAGBU REUL HEYONG AZI MALGES.
DAMBOSE MAIYONG GUN GOD UAIZEN HAGSION EUL

++++
YENGMUN CHAMGO BARAM.

Letter of Protest

Falsely declares that ship is only carrying 19,200 tons [of sugar] loaded in Padre

To Panama Authorities (Drug Prosecution)
To Panama Canal Authorities
To C B Fenton S.A
To all concerned parties

M/V Chong Chon Gang, under ownership of Chongchongang Shipping Co.,Ltd and D.P.R.Korea flag, arrived at Cristobal on 9th July for transit of Panama Canal with cargo of 10200 net metric tons which were shipped on board at P uerto Padre, Cuba.

After transit inspection at 2230hours local time, her scheduled canal tran sit was cancelled by the Panama Canal Authority alleging that the vessel is now under suspicion of drugs present on board and we regard it regretfu l and protest about your action.

In the slim assumption of presence of the drugs on board and without the p resentation of justifiable reasons, some 35 armymen got on board, confineo all the crew in deck cabin and searched the vessel from deck to the cargc holds.

During their forced search, they stabbed with the stick and shifted the c argo bags causing damage and loss to the cargo for which we are now claime d by the charterer and the delay of the transit brings about on the huge c laims due to late deliveries.

Source: Panamanian authorities

Annex XIX

Correspondence from OMM to the Panel dated 12 December 2013

First response to the Panel's initial letter dated 12 December 2013

From: Ocean Russia <oceanvid@gmail.com>
To: morales5@un.org,
Cc: uden@un.org
Date: 06/01/2014 23:04
Subject: Reply to the Letter of Enquiry

Dear Sirs, Good day!

Please kindly deliver our below reply to the concerned party who gave us a letter of enquiry on December 12, 2013.

= = =

Your question 1:

- The relationship between yourselves and the *Chong Chon Gang* . For instance, are you the owner, operator or charterer of the vessel?

- The relationship between yourselves and *Chongchongang Shipping Co., Ltd.*

- The nature of your company. For instance, who owns your company; where are its headquarters; what is its main business; who are its chief officers; what are its contact details

Our answer 1:

We are only assisting external negotiations of Ocean Maritime Management Co.,ltd which is in charge of operation and management of M/V Chong Chon Gang under the ship management contract with its owners "Chongchongang Shipping Co.,Ltd".

The head office is in Pyongyang, and its main scope of business includes ship operation and management, ship repair in Ryongnam Ship Repair Yard, and crew training in the seafarers training centre.

Your question 2:

- The relationship between yourselves and *Chinpo Shipping Co Pte Ltd*.

Our answer 2:

Chinpo Shipping Co Pte Ltd (our ship agent in Singapore) is only one of the ship agents who is appointed to attend our vessels whenever any of them calls in Singapore.

Your question 3:

- Your understanding regarding the cargo on the *Chong Chon Gang* . For instance, who bears responsibility for this undeclared shipment of arms and related materiel; who were the consignors and consignees of these arms and related materiel?

Our answer 3:

We have to make it very clear that the head office did not give any instruction to load other cargo than sugar, nor was aware there ever existed such instruction. The head office only instructed the vessel to carry rolled steel plates, rolling stocks and other accessories for railway sector to Cuba from Korea and sugar vice versa and consequently is not in a position to give any reply to the Cuban cargo which was said to have been shipped for repair.

Your question 4:

- Can you advise the Panel on the following aspects which were revealed during the course of the investigation:

  · The containers, their contents and the six trailers stowed under the sugar were not declared.

  · No documents for this consignment were provided.

  · The ammunition was not declared as hazardous cargo.

Communications between yourself and the ship contained the following instructions:

- o Conceal the containers beneath the sugar cargo
- o Make reports using the description " *mechanical parts* "
- o Do not declare the cargo unless instructed to
- o Prepare a false declaration using the cargo description "*generators* "
- o Indicate the shipper as Metalcuba

Our answer 4

It is beyond our comprehension that our communication with the M/V Chong Chon Gang contained instructions allegedly listed in your letter

We never gave such instruction, and it is a common knowledge that our company could not give any instruction of such nature.

Panamanian authorities are openly revealing their intention of confiscating the sugar alleging it was "used to hide" something. We have to point out it is rather improper behavior lacking the common sense, as sugar was not loaded with a intention of hiding something. The sugar was loaded as goods of annual import from Cuba under the normal trade protocol, and not as a material to "hide" Cuban military hardware

The sugar is one of the materials essential for our people's living and is a cargo of humanitarian nature that we are entitled to retrieve by all means

You may derive correct concept of the sugar from the cargo declarations submitted by our vessels transiting the Panama Canal every year

= = =

We would highly appreciate if the provided information could assist you to understand the fact that we have no relation to the Cuban military hardware found onboard M/V Chong Chon Gang

Best regards OMM Vladivostok

Annex XX

Documents showing financial transactions conducted by Democratic People's Republic of Korea embassy personnel in Cuba (top left and right), and their unofficial translation (bottom left and right)

현금 령수증

꾸바 경제무역참사부로부터 사탕가루 200t 수송운임으로 12,000.00(금일이공만원정)USD$ 를 접수하였음을 확인합니다.

해운관리국 ≪ 정천강 ≫호 선장: 리영일

주체 102(2013)년 6월 10일

정천강 CHONGCHONGANG Chongchongang Shipping Co. Ltd.

Cash Receipt

I confirm the receipt of 12,000 *[figure in Korean]* US$ in cash from commercial counsellor of the Embassy in Cuba for the transportation fee of 200 tons of sugar.

Maritime Management Bureau << Chong Chon Gang>>,
Captain: Ri Yong Il

Juche 102 (2013), June 10
[Chongchongang Shipping Co. Ltd. seal*]*

To: OCRU
Cc: OCKP
Fm: CHONG CHON GANG

RE: D/A

To: OCRU [Date] July/5 [2013] [Time:] 01:45
Cc: OCKP
From: Chong Chon Gang

RE: D/A *[disbursement account]*

Commercial counsellor said that he signed a guarantee that D/A* will be paid in one week and confirmed the vessel would start sailing upon finishing the loading. The Counsellor requested the owner to reimburse the D/A in one week.

To OCKP
We received one pouch from the Embassy to the Homeland.

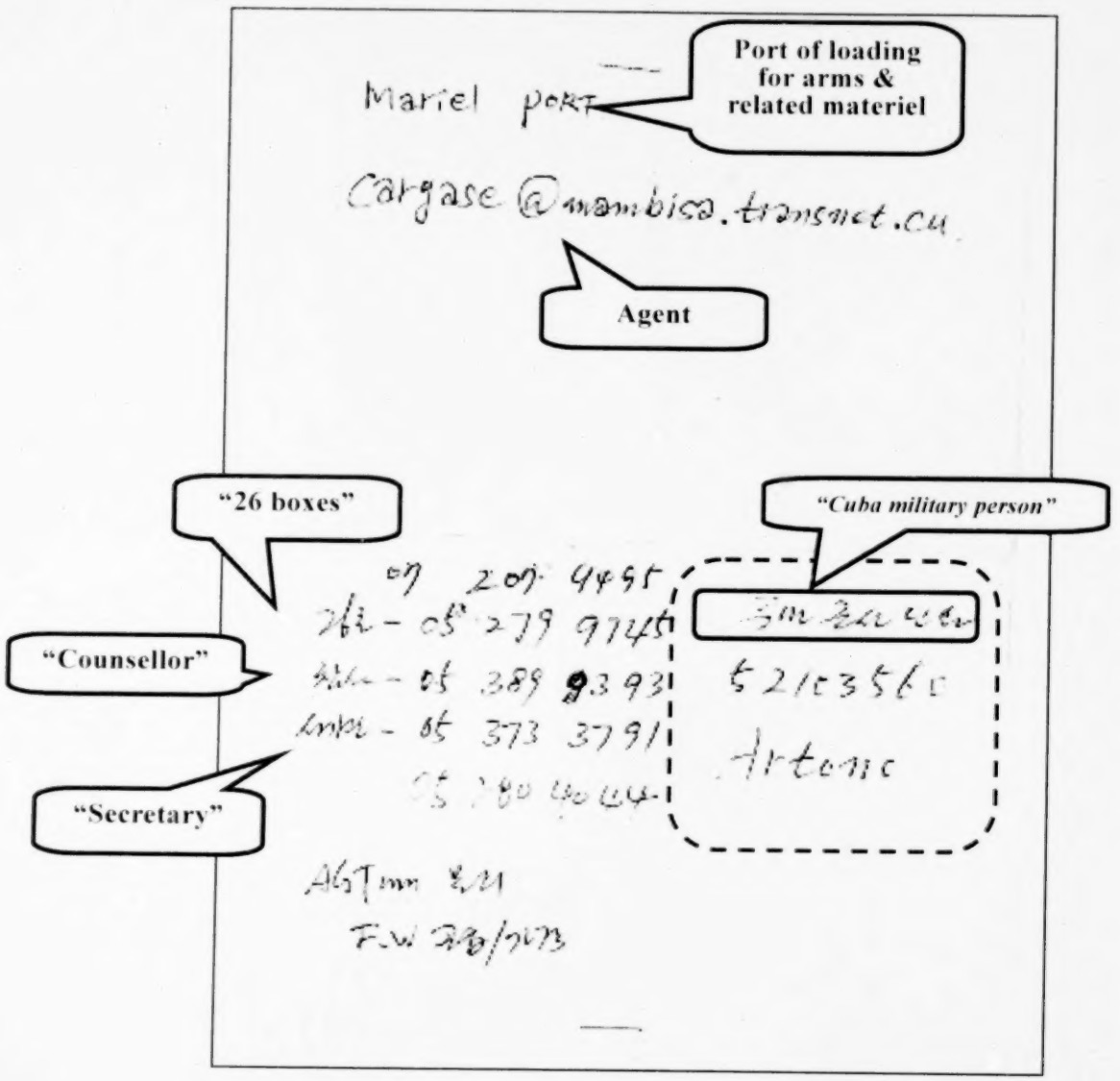
RGDS

Source: Panamanian authorities (unofficial translation by Panel of Experts)

*D/A: Disbursement Account (to the ship's agent)

Annex XXI

Captain's list of contacts referencing "26 boxes", embassy and Cuban military personnel



Source: Panamanian authorities

Annex XXII

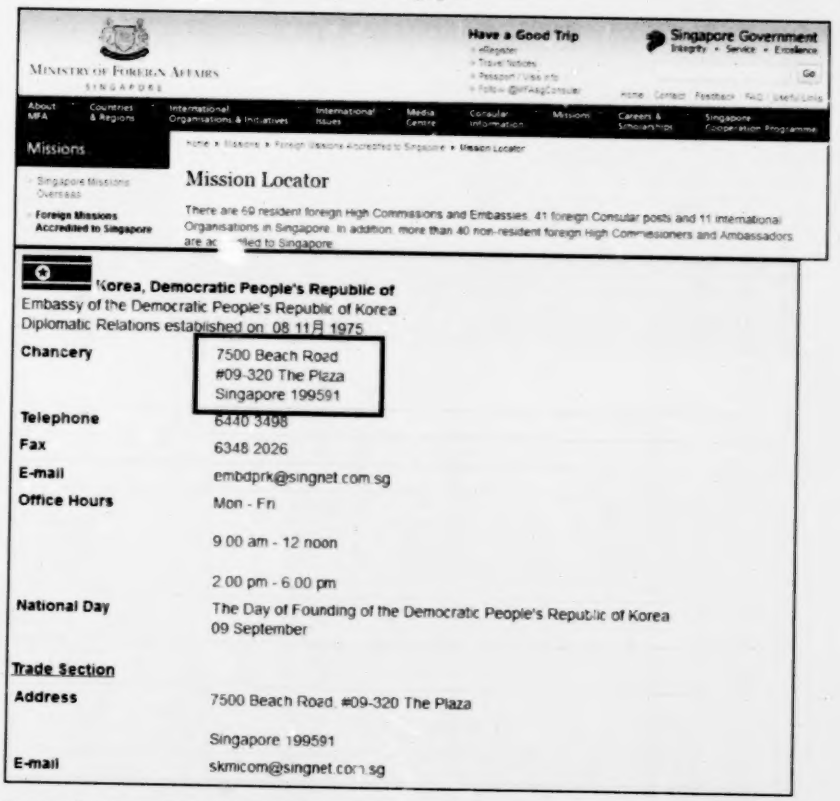
Link between Tonghae Shipping Agency Pte. Ltd, Chinpo Shipping Co. Ltd, and the Democratic People's Republic of Korea embassy in Singapore

TONGHAE SHIPPING AGENCY PTE LTD
CHINPO SHIPPING CO PTE LTD

KIM HI JAE
KOREA REP
HP: 8791 7119

7500A Beach Road, #09-321 The Plaza, Singapore 199591
Telex: RS 39429 TONHAE, RS 56967 CHINPO
Tel: 6297 1950, 6297 2311 Fax: 6296 2952

Address of the DPRK Embassy in Singapore



MINISTRY OF FOREIGN AFFAIRS SINGAPORE

Have a Good Trip

Singapore Government
Integrity • Service • Excellence

About MFA | Countries & Regions | International Organisations & Initiatives | International Issues | Media Centre | Consular Information | Missions | Careers & Scholarships | Singapore Cooperation Programme

Missions

- Singapore Missions Overseas
- Foreign Missions Accredited to Singapore

Home ▸ Missions ▸ Foreign Missions Accredited to Singapore ▸ Mission Locator

Mission Locator

There are 69 resident foreign High Commissions and Embassies, 41 foreign Consular posts and 11 international Organisations in Singapore. In addition, more than 40 non-resident foreign High Commissioners and Ambassadors are ac[illegible]lled to Singapore.

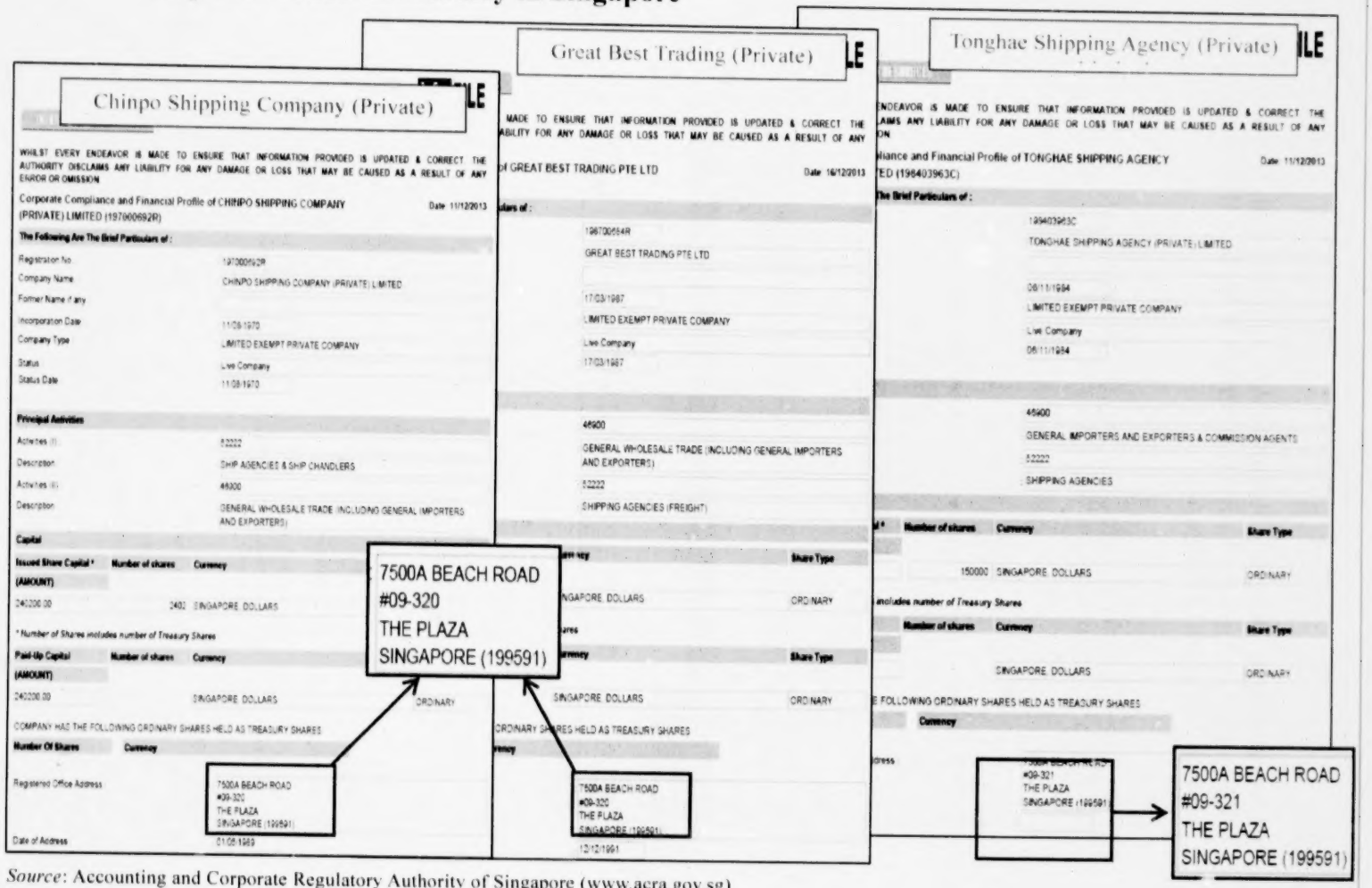
Korea, Democratic People's Republic of
Embassy of the Democratic People's Republic of Korea
Diplomatic Relations established on 08 11月 1975

Chancery	7500 Beach Road #09-320 The Plaza Singapore 199591
Telephone	6440 3498
Fax	6348 2026
E-mail	embdprk@singnet.com.sg
Office Hours	Mon - Fri 9.00 am - 12 noon 2.00 pm - 6.00 pm
National Day	The Day of Founding of the Democratic People's Republic of Korea 09 September
Trade Section	
Address	7500 Beach Road, #09-320 The Plaza Singapore 199591
E-mail	skmicom@singnet.com.sg

Source: Ministry of Foreign Affairs of Singapore (www.mfa.gov.sg)

Annex XXIII

Official registrations of businesses co-located with the Democratic People's Republic of Korea embassy in Singapore


Chinpo Shipping Company (Private)
WHILST EVERY ENDEAVOR IS MADE TO ENSURE THAT INFORMATION PROVIDED IS UPDATED & CORRECT THE AUTHORITY DISCLAIMS ANY LIABILITY FOR ANY DAMAGE OR LOSS THAT MAY BE CAUSED AS A RESULT OF ANY ERROR OR OMISSION
Corporate Compliance and Financial Profile of CHINPO SHIPPING COMPANY (PRIVATE) LIMITED (197000692R)
Date 11/12/2013
The Following Are The Brief Particulars of :
Registration No 197000692R
Company Name CHINPO SHIPPING COMPANY (PRIVATE) LIMITED
Former Name if any
Incorporation Date 11/08/1970
Company Type LIMITED EXEMPT PRIVATE COMPANY
Status Live Company
Status Date 11/08/1970
Principal Activities
Activities (i) 52222
Description SHIP AGENCIES & SHIP CHANDLERS
Activities (ii) 46900
Description GENERAL WHOLESALE TRADE INCLUDING GENERAL IMPORTERS AND EXPORTERS)
Capital
Issued Share Capital * Number of shares Currency
(AMOUNT)
240200.00 2402 SINGAPORE DOLLARS
* Number of Shares includes number of Treasury Shares
Paid-Up Capital Number of shares Currency
(AMOUNT)
240200.00 SINGAPORE DOLLARS ORDINARY
COMPANY HAS THE FOLLOWING ORDINARY SHARES HELD AS TREASURY SHARES
Number Of Shares Currency
Registered Office Address
7500A BEACH ROAD
#09-320
THE PLAZA
SINGAPORE (199591)
Date of Address 01/08/1989
Great Best Trading (Private)
MADE TO ENSURE THAT INFORMATION PROVIDED IS UPDATED & CORRECT THE ABILITY FOR ANY DAMAGE OR LOSS THAT MAY BE CAUSED AS A RESULT OF ANY
of GREAT BEST TRADING PTE LTD
Date 16/12/2013
lars of :
198700554R
GREAT BEST TRADING PTE LTD
17/03/1987
LIMITED EXEMPT PRIVATE COMPANY
Live Company
17/03/1987
46900
GENERAL WHOLESALE TRADE (INCLUDING GENERAL IMPORTERS AND EXPORTERS)
52222
SHIPPING AGENCIES (FREIGHT)
Share Type
NGAPORE DOLLARS ORDINARY
Share Type
SINGAPORE DOLLARS ORDINARY
ORDINARY SHARES HELD AS TREASURY SHARES
7500A BEACH ROAD
#09-320
THE PLAZA
SINGAPORE (199591)
12/12/1991
Tonghae Shipping Agency (Private)
ENDEAVOR IS MADE TO ENSURE THAT INFORMATION PROVIDED IS UPDATED & CORRECT THE AIMS ANY LIABILITY FOR ANY DAMAGE OR LOSS THAT MAY BE CAUSED AS A RESULT OF ANY ON
liance and Financial Profile of TONGHAE SHIPPING AGENCY
Date 11/12/2013
TED (198403963C)
The Brief Particulars of :
198403963C
TONGHAE SHIPPING AGENCY (PRIVATE) LIMITED
06/11/1984
LIMITED EXEMPT PRIVATE COMPANY
Live Company
06/11/1984
46900
GENERAL IMPORTERS AND EXPORTERS & COMMISSION AGENTS
52222
SHIPPING AGENCIES
Number of shares Currency Share Type
150000 SINGAPORE DOLLARS ORDINARY
includes number of Treasury Shares
Number of shares Currency Share Type
SINGAPORE DOLLARS ORDINARY
E FOLLOWING ORDINARY SHARES HELD AS TREASURY SHARES
Currency
#09-321
THE PLAZA
SINGAPORE (199591)
7500A BEACH ROAD
#09-321
THE PLAZA
SINGAPORE (199591)

Source: Accounting and Corporate Regulatory Authority of Singapore (www.acra.gov.sg)

Annex XXIV

Key management personnel and shareholders shared by Chinpo Shipping, Tonghae Shipping Agency and Great Best Trading

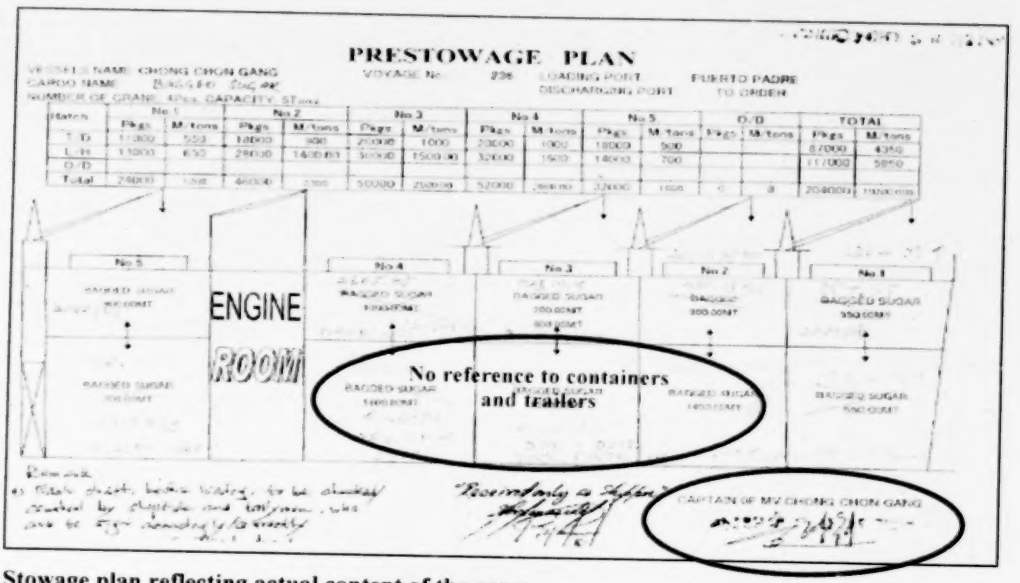
Name (Singaporean ID number)	Registered address	Chinpo Shipping Company (Private) Limited	Tonghae Shipping Agency (Private) Limited	Great Best Trading (Private) Limited[17]
Lim Cheng Wah (S00905251)	55 New Upper Changi Road, #22-1456, Singapore (461055)		Director (since 30 April 1993)	Shareholder
Lim Whay Yuan (S0015766Z)	665A Jurong West Street 64, #12-160, Singapore (641665)	Secretary (since 10 July 2006)	Secretary (since 10 July 2006)	
Ling Ai Kwong (S0568928G)	9A Lorong G Telok Kurau, Singapore (426174)		Shareholder	
Tan Bee Tin (S1548554Z)	434B Fernvale Road, #19-238, Singapore (792434)		Shareholder	Shareholder
Tan Ee Hong (S1637681G)	506 Serangoon North Avenue 4, #06-422, Singapore (550506)	Director (since 25 July 1992) and shareholder	Shareholder	Shareholder
Tan Hui Tin (S1572496Z)	2 Kitchener Link, #28-05, City Square Residences, Singapore (207229)	Shareholder (since 22 August 2012)	Director (since 21 October 1996) and shareholder	Shareholder
Tan Tiak Cheng @ Tan Cheng Hoe (S0300102D)	9A Lorong G Telok Kurau, Singapore (426174)	Director (since 9 December 1999)	Director (since 5 May 2001) and shareholder	Shareholder
Tan Ting Ting (S2182996Z)	9A Lorong G Telok Kurau, Singapore (426174)		Shareholder	Shareholder

Source: Panel of Experts, based on official registrations obtained from the Accounting and Corporate Regulatory Authority of Singapore (www.acra.gov.sg)

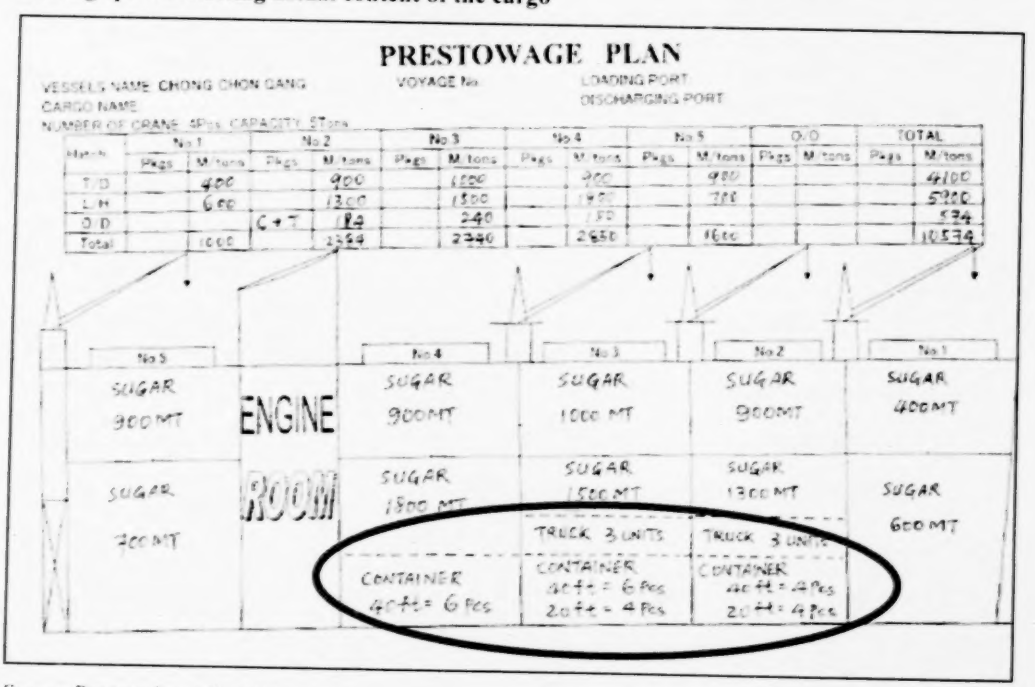
[17] Official registration of Great Best Trading Pte., Ltd., does not name the manager(s) of the company.

Annex XXV

Stowage plan, which does not reflect presence of containers and trailers



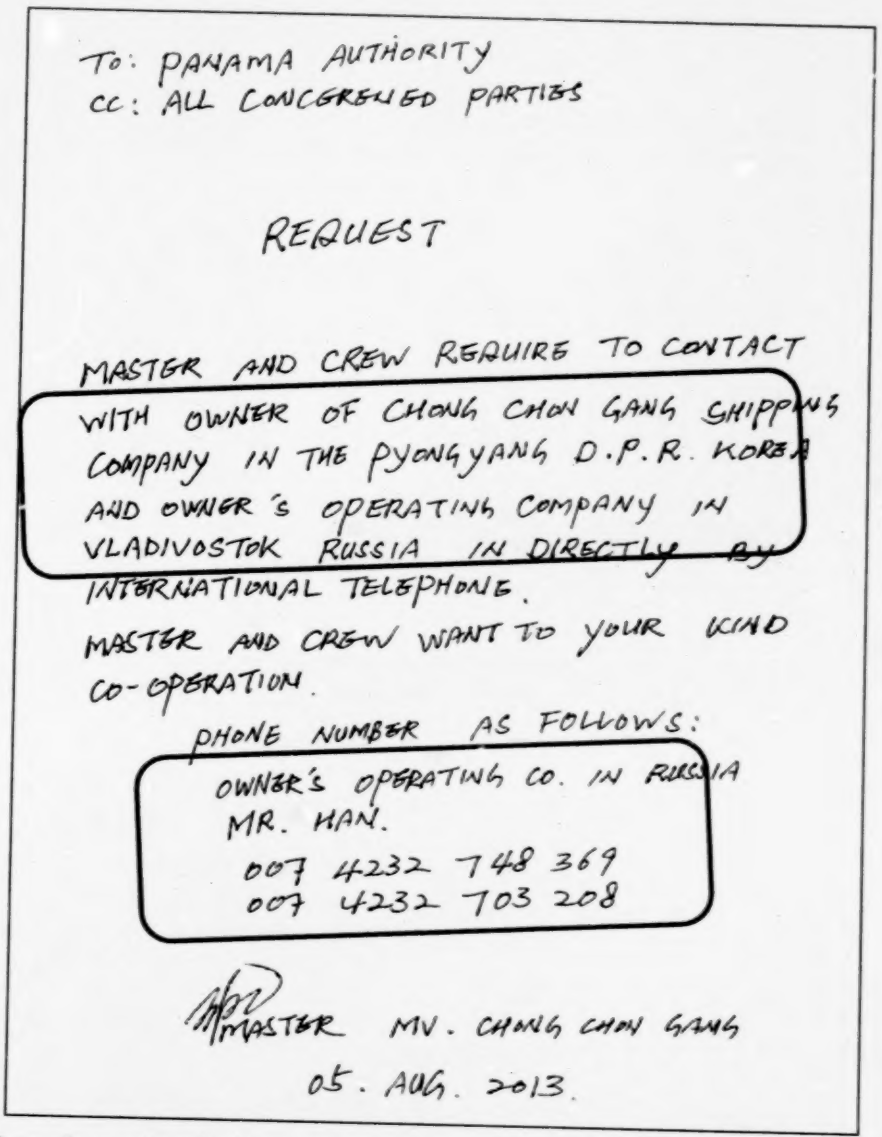
Stowage plan reflecting actual content of the cargo



Source: Panamanian authorities

Annex XXVI

Letter from captain requesting contact be made with owner and owner's operating company



To: PANAMA AUTHORITY
CC: ALL CONCGRENED PARTIES

REQUEST

MASTER AND CREW REQUIRE TO CONTACT WITH OWNER OF CHONG CHON GANG SHIPPING COMPANY IN THE PYONGYANG D.P.R. KOREA AND OWNER'S OPERATING COMPANY IN VLADIVOSTOK RUSSIA IN DIRECTLY BY INTERNATIONAL TELEPHONE.

MASTER AND CREW WANT TO YOUR KIND CO-OPERATION.

PHONE NUMBER AS FOLLOWS:

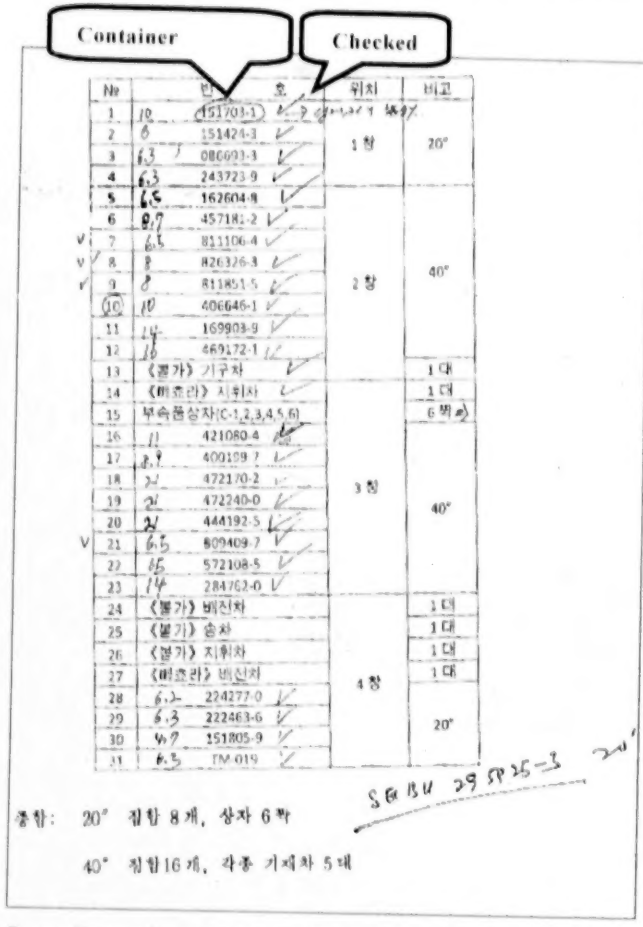
OWNER'S OPERATING CO. IN RUSSIA
MR. HAN.
007 4232 748 369
007 4232 703 208

MASTER MV. CHONG CHON GANG
05. AUG. 2013.

Source: Panamanian authorities

Annex XXVII

Loading check sheet possessed by captain identifying holds where containers and trailers would be placed, size of containers and labelling trailers belonging to surface-to-air missile systems (Volga and Pechora)



№	번호	위치	비고
1	151703-1	1 창	20'
2	151424-3		
3	086693-3		
4	243723-9		
5	162604-8	2 창	40'
6	457181-2		
7	811106-4		
8	826326-3		
9	811851-5		
10	406646-1		
11	169903-9		
12	469172-1		
13	《볼가》 기구차		1 대
14	《페초라》 지휘차		1 대
15	부속품상자(C-1,2,3,4,5,6)		6 짝
16	421080-4	3 창	40'
17	400199-7		
18	472170-2		
19	472240-0		
20	444192-5		
21	809409-7		
22	572108-5		
23	284762-0		
24	《볼가》 발전차	4 창	1 대
25	《볼가》 승차		1 대
26	《볼가》 지휘차		1 대
27	《페초라》 발전차		1 대
28	224277-0		20'
29	222463-6		
30	151805-9		
31	IM-019		

종합: 20' 집합 8개, 상자 6짝

40' 집합16개, 각종 기제차 5대

No.	Number	Location	Notes
1	151703-1	Hold 1	20"
2	151424-3		
3	086693-3		
4	243723-9		
5	162604-8	Hold 2	40"
6	457181-2		
7	811106-4		
8	826326-3		
9	811851-5		
10	406646-1		
11	169903-9		
12	469172-1		
13	**<Volga> machine car**		1 unit
14	**<Pechora> guidance car**	Hold 3	1 unit
15	Parts Container (C-1,2,3,4,5,6)		6 crates
16	421080-4		40"
17	400199-7		
18	472170-2		
19	472240-0		
20	444192-5		
21	809409-7		
22	572108-5		
23	284762-0		
24	**<Volga> power supply car**	Hold 4	1 unit
25	**<Volga>/*unidentified*/ car**		1 unit
26	**<Volga> guidance car**		1 unit
27	**<Pechora> power supply car**		1 unit
28	224277-0		20"
29	222463-6		
30	151805-9		
31	IM-019		

Summary: 20" cargo containers (8), crates (6)
40" cargo containers (16), (5) units of cars (various kinds)

Source: Panamanian authorities (unofficial translation by Panel of Experts)

Annex XXVIII

Patterns of sanctions evasion

1. For sanctions measures to be implemented effectively, governments and the private sector (including international air and maritime transportation companies, freight forwarders, banks and trading companies) need to understand the circumvention techniques commonly used by the Democratic People's Republic of Korea. Below is a summary of the most common techniques observed by the Panel in its investigative work.[18] The Panel believes that awareness of these techniques and due diligence based on the principle of "know your customer" by both the governmental and private sectors are essential to curb sanctions evasion.

Use of international shipping container system

2. The Democratic People's Republic of Korea relies on the use of sealed shipping containers for its illicit exports utilizing the legitimate international container trade system as cover. It follows techniques pioneered by drug-trafficking organizations that integrate their logistics operations within the global supply chain because those techniques represent the most cost-effective way to circumvent well-resourced and coordinated surveillance.[19] The increasing volume of containers flowing daily through the system allows physical inspection of only a small percentage of them. Equally, the growing number of freight forwarders, carriers and shipping lines provides opportunities to embed illicit trade activities behind different layers of legitimate commercial entities.

3. In almost all cases investigated by the Panel, the Democratic People's Republic of Korea transhipped illicit cargo on vessels operated by large international shipping companies, via a neighbouring regional transhipment hub because none of the mainstream shipping companies calls at ports in the Democratic People's Republic of Korea.[20] Long distance maritime transportation involves a numbers of ports for transhipment or transit, permitting the use of indirect shipping routes and multiple carriers and an opportunity to obscure a cargo's origin. The Panel has reported such evasion techniques several times (for example, see paragraph 61 of the Panel's Final Report S/2010/571).

4. In particular, as shipping companies load containers on-board with scant information on the contents, it is easy to hide the real nature of the goods, the real consignor and origin. Reputable shipping companies will carry containers despite knowing almost nothing of what they contain.[21] In this regard, the practice of handling the cargo under a "Said to Contain" clause, which is widely used in container transportation contracts, poses a challenge for the implementation of sanction measures.

5. In one instance, a European shipping company with an office in Pyongyang was used for arms shipment from the Democratic People's Republic of Korea to Iran in July 2009. They informed the Panel that they did not have the legal capacity to open the containers and check their contents once the Democratic People's Republic of Korea customer had packed, sealed and cleared them through customs. The Panel found that the shipper, shipping agent, owners, operators and carriers were not provided with correct information on the real nature of the goods.

---

[18] See also paragraphs 98-102 of the 2012 Final Report (S/2012/422) and paragraphs 119-132 of the 2011 Final Report.

[19] Hugh Griffiths and Michael Jenks, "Maritime transport and destabilizing commodity flows," *SIPRI Policy Paper* No. 32, January 2012.

[20] Paragraph 95 of the 2012 Final Report (S/2012/422).

[21] Paragraph 95 of the 2012 Final Report (S/2012/422)

6. The Democratic People's Republic of Korea is also actively using overseas-based front/offshore companies or middlemen to arrange illicit shipments using legitimate trade systems. The Panel has noted that these actors attempt to obscure their activities by using common contact information (for example, maintaining a number of associated entities under the same registered person, address or contact numbers).

False declaration of cargo

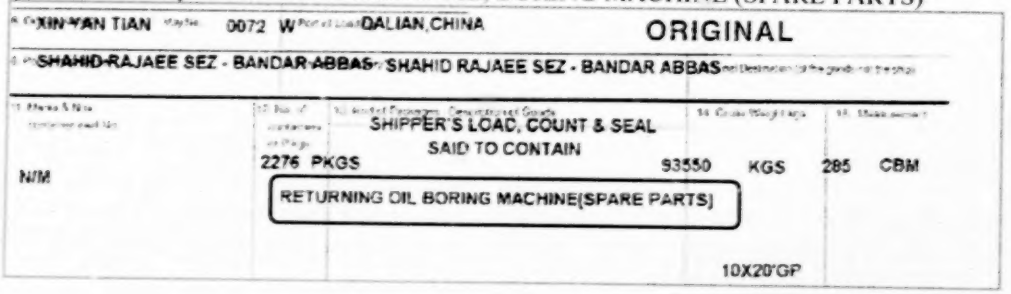
7. The most common circumvention technique observed by the Panel is the use of false labels or misleading declarations of cargo in shipping. In the *Chong Chon Gang* case interdicted in Panama July 2013, the Democratic People's Republic of Korea excluded the prohibited military cargo entirely from the manifest and there was no bill of lading for it.

Table 1: False cargo declarations

False declaration of the items	Actual items seized	Date/year of seizure
Construction material	Ballistic missile-related items	October 2007
Generator parts	Rocket fuses	March 2008
Returning oil boring equipment (see figure 20.a.)	Rocket fuses, TBG, etc.	July 2009
Spare parts of bulldozers	Spare parts for tanks	November 2009
Mechanical parts	Conventional arms and munitions	December 2009
Lead pipe (see figure 20.b.)	Graphite cylinders (ballistic missile-related items)	May 2012
Generator	Military cargo (see annex VIII)	July 2013

Figure 20: False descriptions on bills of lading

a. False description of "RETURNING OIL, BORING MACHINE (SPARE PARTS)"



b. False description of "LEAD PIPE"

6. Ocean Vessel / Voy No.	7. Port of Loading	COPY - NON NEGOTIABLE	
XIN YAN TAI 0154 E	TIANJIN		
8. Port of discharge	9. Place of Delivery		10. Final destination for the goods not for ship
LATTAKIA	LATTAKIA , SYRIA		LATTAKIA , SYRIA
11. Marks & Nos. container seal No.	12. No. of Containers or Pkgs	13. Kind of Packages ; Description of Goods	14. Gross Weight KG	15. Measurement
N/M		SHIPPER'S LOAD & COUNT & SEAL		
BSIU2536448 /20GP / C29693	10	WOODEN CASES	KGS	CBM
1 X 20GP	LEAD PIPE		12,155.00	9.864
	FREIGHT PREPAID			

Scant, false or altered information on consignor

8. The Panel has also noted that the Democratic People's Republic of Korea conceals the identity of the entities or individuals involved by providing false, or very limited, information in its shipping documents.[22] As shown in figure 21 below, the bill of lading only notes the name of the company without listing an address, contact person, telephone or fax number. This lack of information can make it difficult to identify individuals and /or entities involved in a consignment.

Figure 21: Descriptions of the consignor in the shipping documents

Page Two		
SHIPPER		VOYAGE NUMBER
MACHINERY EXP. & IMP. CORP.	DRAFT	FL586WDEL
"MACHINERY EXP. & IMP. CORP."	BILL OF LADING	BILL OF LADING NUMBER
		PUDL000196
CONSIGNEE	EXPORT REFERENCES	
D.G.E. CORPORATION TEL:00242752984?	DELMAS	
NOTIFY PARTY. Carrier not to be responsible for failure to notify	SERVICE : ASAF	
SAME AS CONSIGNEE		

[22] In many cases, the shipping document provides only very limited information on the consignee as well.

선 총 선 박 회 사

SOLSONG SHIPPING CO., LTD

"CHUNG SHENG TRADING COMPANY"

Shipper

CHUNG SHENG TRADING COMPANY

B/L No

552

Consignee

SYRIAN ARAB REPUBLIC MINISTRY OF LOCAL ADMINISTRATION AND ENVIRONMENT ENVIRONMENTAL STUDIES CENTRE ESC TEL:00963-11-2316071(1 2 3) FAX:00963-11-6622308

Notify Party

COMPLANT DLC

Shipped on board the vessel named herein in apparent good order and condition(unless otherwise indicated)the goods or packages specified herein and to be discharged at the above mentioned port of/discharge or as near thereto as the vessel may safely get and be always afloat.

The weight, measure,marks,numbers,quality,contents and value, being particulars furnished by the Shipper are not checked by the Carrier on loading.the Shipper,Consignee and Holder of this Bill of lading hereby expressly accept and agree to all printed,written or stamped provisions,exceptions and conditions of this bill of lading,including those on the back hereof.One of the Bill of Lading duly endorsed must be surrendered in exchange for the goods or delivery order.

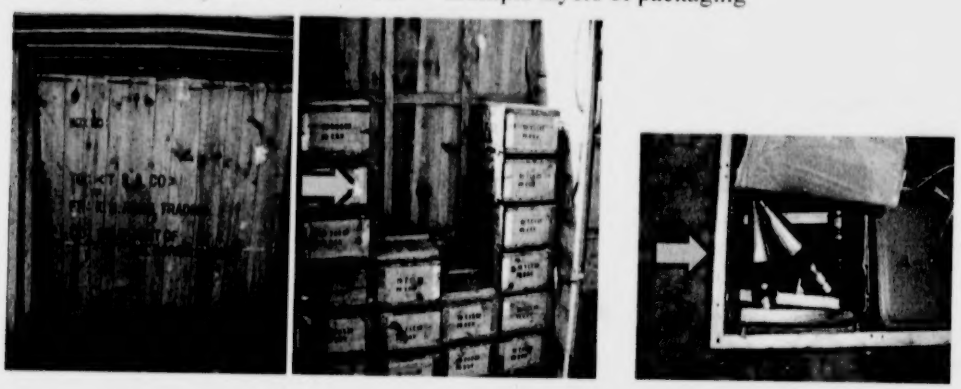
In witness whereof,the Carrier or his Agents has signed bills of Lading all of this tenor and date,one of which being accomplished,the

9. The Panel has also observed a common practice in which a slightly different name of a known or designated entity is used to conceal its identity (see paragraphs 147-150 of this report). Some aliases listed by the Committee show the use of alternative English spellings of names translated from Korean. Slight changes such as this, or omissions or minor spelling changes, have featured in a number of cases investigated by the Panel.

Physical concealment techniques

10. The Panel has also observed physical concealment measures commonly used to avoid the detection of illicit cargo during routine physical inspections. Illicit cargo is often placed in larger crates or hidden behind false walls bearing false labelling or misleading markings.

Figure 22: Physical concealment — multiple layers of packaging



A range of physical concealment methods were employed to intentionally obscure the arms and related materiel underneath 200,000 sugar bags on board *Chong Chon Gang* in Panama 2013 as well as in other shipments from before the imposition of sanctions (see paragraphs 69, 80 and 125 and figures XIII and XXII of this report). The significant costs of such an inspection could easily discourage Member States from applying robust inspection on similar cargos.

Annex XXIX

Definition of terms of beneficial owner, registered owner and commercial owner

According to Lloyd's List Intelligence:

- The **Beneficial Owner** is the ultimate owning entity or representative thereof (either individual, company, group or organization). It may be the vessel's management company or the trading name of a group, both of which are generally perceived to represent the ultimate owners of the vessel.

- The **Registered Owner** is the company or individual to whom the ship's legal title of ownership has been registered. This is where 'open registry', 'paper' or 'name-plate' companies are often involved, with ships being registered in a country whose tax on the profits of trading ships is low/absent or whose requirements concerning manning or maintenance might be more relaxed.

- The **Commercial Operator** is responsible for the commercial direction of a ship, including its employment. It is responsible for ship operations, chartering, bunkering, port services and insurance, and may also oversee technical and crewing management, although these two functions may be outsourced.

Annex XXX

Re-registering or re-flagging Democratic People's Republic of Korea-owned or flagged vessels which took place after the adoption of resolution 2094 (2013)

Originally			*Currently*		
IMO Number	*Name*	*Flag*	*Renamed*	*Reflagged*	*Registered Owner/Operator*
8225436 General Cargo & Containers	***Kuk San*** 23 Feb 2009	Democratic People's Republic of Korea 23 Feb 2009	***Faith*** 8 Apr 2013	Cambodia 8 Apr 2013	Owner: Huajin Shipping & Trading Ltd. Operator: Huabao Marine Limited 8 Apr 2013
8323812 General Cargo	***Kichei*** 21 Feb 2007	Cambodia 14 Feb 2007	***Kang Nam 6*** 15 Apr 2013	Democratic People's Republic of Korea 15 Apr 2013	Owner/Operator: Korea Kumrung Trading Co. Ltd. 2 May 2013
8312435 General Cargo	***Xin Xin*** 21 Oct 2008	Cambodia 21 Oct 2008	***Su Yang San 2*** 16 Apr 2013	Democratic People's Republic of Korea 16 Apr 2013	Owner/Operator: Korea Suyangsan Shipping Co. 16 Apr 2013
8712362 Tanker	***Ju Jak bong 5*** 1 Mar 2010	Democratic People's Republic of Korea 28 Oct 2002	***Eastern Luck*** 18 May 2013	Togo 17 May 2013	Owner: Eastern Luck Shipping Co. Ltd. Operator: Dalian Taiyuan International Shipping Agency Co. Ltd. 27 Mar 2013
7408873 Chemical Tanker	***Activa*** 5 Dec 1999	Sierra Leon 5 December 1999	***Yu Jong 3*** 31 May 2013	Democratic People's Republic of Korea 31 May 2013	Owner: Korea Yujong Shipping Company Ltd. Operator: Government of the Democratic People's Republic of Korea 31 May 2013
8661575 General Cargo	***Bao Jiang 19*** 1 Sep 2005	China 1 Sep 2005	***Tong Hung 1*** 1 June 2013	Democratic People's Republic of Korea 1 Jun 2013	Owner/Operator: Tonghung Shipping & Trading Co. Ltd. 1 Jun 2013
8217685 General Cargo	***Sunshine*** 16 Jun 2009	Sierra Leone 9 Jun 2009	***Hwasong (or Hwa Song)*** 14 Jun 2013	Democratic People's Republic of Korea 14 Jun 2013	Owner/Operator: Hwasong Shipping Co. Ltd. 14 Jun 2013
8613360 Product tanker	***Tae Won 166*** 13 Apr 2012 ***Dae Won 166*** 31 May 2011	Democratic People's Republic of Korea 31 May 2011	***DPETRO 166*** 26 Jul 2013	Cambodia 26 Jul 2013	Owner: DP Shipping & Management Hong Kong Operator: Dalian Jiajia Shipping Technology Co. Ltd. 26 Jul 2013
8610461 Product tanker	***Bu Yon (or Pu Yon)*** 20 Dec 2001	Democratic People's Republic of Korea 20 Dec 2001	***Ocean Lucky*** 23 Dec 2013	Cambodia 23 Dec 2013	Owner: HK Ever Prosper International Trading Company Limited Operator: Huabao Marine Ltd. 23 Dec 2013

Source: Lloyd's List Intelligence and Equasis database

Annex XXXI

Democratic People's Republic of Korea registered shipping companies[23]

Company Name	IMO No.	Location	Registered vessels [vessels operated or managed]
Government of DPRK[24]		Pyongyang	Baek Sa bong, Bu Gang, Chon Song, Da Song San, Dae Dong Gang, Ka Chi Bong Kang Nam 1, Myong Sin, Ra Nam 2, Ryong Am Po, Sam Ji Yon, Song Hoa 2
Aprokgang Shipping & Trading	5647667	Sinuiju	Jung Gang 1, 6, Kum Pit 28 [also ISM manager[25] of Jung Gang 2, 5]
Amnokgang Shipping Co. Ltd.	5459864	Pyongyang	Ap Rok Gang (OMM is manager)
Daewon Shipping & Management (2008)[26]	5489276	Pyongyang	Sobaeksu
Daitonggang(or Taedonggang) Sonbak Company Limited (2004)	1845139	Pyongyang	Tae Dong Gang, Mu Du Bong, Ryong Gun Bong (OMM is commercial operator) Ryong Gang
Dongcheng Shipping Limited	5657218	Pyongyang	Mi Yang 7 (Korea Miyang Shipping is operator)
Eunbong Shipping (2002)	1974121	Pyongyang	Eun Bong (registered as "total loss" since 2002)[27]
Falmouth Shipping & Trading S.A. (2005)	5143468	Wonsan	Makkia (since May 2005)
Haesong Shipping Company (1985)	5348658	Pyongyang	Hae Song
Hwa Song Shipping Company Limited (2001)	5434300	Pyongyang	Hwa Song (renamed from Sunshine and reflagged from Sierra Leone in June 2013)
Hyoksin Shipping Co. Ltd	5459966	Pyongyang	Hyok Sin 2 (OMM is ship manager since Dec. 2008)
Jatnamu Shipping Company Limited (2001)	5145084	Pyongyang	(It was the owner of Man Pung until Nov. 2006)
Jipsam Shipping Company (2008)	5465620	Pyongyang	Jip Sam (or Chip Sam) (OMM is ship manager)
Jonjin Shipping Co. Ltd.	5571089	Pyongyang	Jon Jin 2
Kimchaek Fishery Station (1985)	1701171	Kimchaek	Bong Hoa San (or Pong Hwa San), Sa Ja Bong[28], Zang Dok San
Korea 56 Trading Company (1999)	1839360	Pyongyang	Jin Song 3, 6, 7, 8, 9, 12, Song Gwang Ryon, Woory Star [Also ship operator of Woory Star 2][29]
Korea Amnokgang Trading Company (1999)	1855501	Sinuiju	Sam Bong San, Yaksan
Korea Ansan Shipping Company	5676084	Pyongyang	An San 1 (Korea Kumgang Shipping Company is ISM manager)

[23] This includes only companies whose addresses are listed in the Democratic People's Republic of Korea according to Lloyd's Intelligence and Equasis databases. It is not exhaustive.

[24] According to Lloyd's, the DPRK Government is the beneficial owner of 152 vessels, commercial operator of 30 vessels, registered owner of 12 vessels

[25] ISM is an abbreviation of International Safety Management.

[26] In July 2013, the companies' two ships, Tae Won 166 and Tae Won 168, were renamed as DPETRO 166 and PETRO 168 respectively and reflagged Cambodia

[27] Equasis database. Lloyd's database lists the ship under Korea Moran Shipping Company.

[28] Korea Susan Shipping Company is third party operator of Sa Ja Bong.

[29] It is Panama flagged and Hongkong Haian International Development Limited is registered owner since September 2011. IMS manger of the ship changed to Dalian Jiajia Shipping Tech since June 2013.

Korea Buhung Shipping Company[30] (1998)	1792675	Pyongyang	(Sungrisan 8, 9 – registered as "dead" in 2004)
Korean Buyon Shipping Co. Limited (2004)	5057119	Wonsan	Victory 2[31]
Korea Chongunsan Trading Company (2004)	5059954	Pyongyang	Chong Un San 2
(Korea) Daebong Shipping Company (2003)	5145243	Pyongyang	Rak Rang
Korea Daehung Shipping Company (1999)	0613729	Pyongyang	Myong Song, Xoh Paek
Korea Daehung Transportation Trading Company (2006)	1845142	Pyongyang	Dae Hung 10[32], Dae Hung 2
Korea Daesan Shipping Company (2006)	5291587	Pyongyang	Ocean Dawn (registered as "dead" in 2013)[33]
Korea Daesong Shipping Company	1648029	Pyongyang	Dae Song (or Tae Song) 422, Dae Song 126, Dae Song 201, SeungRi
Korea Green Leaves Shipping (2006)	5229469	Pyongyang	(Owner and manager of Fortune Star 7 until May 2011)
Korea Gumbong Shipping Company			Gumbong
Korea Heungsong (2003)	5019287	Pyongyang	Owner of Sonbong 1 until April 2009
Korea Ikal Shipping (2003)[34]	5051021	Pyongyang	I.Kal (registered as "dead" in 2003)
Korea J.S. Shipping Company (2004)			Song Ak San[35]
Korea Jamaedo Shipping Company	5517266	Nampo	Kum Sung (ship manager)[36] [Tae Dok San – commercial operator (Dandong Haifeng Shipping is registered owner)]
Korea Jangsaeng Trading Co. Ltd. (2009)	5434344	Pyongyang	Tae Sung (or Dae Song) 923
Korea Jinhung Shipping Co (2002)	5345429	Pyongyang	Jin Hung
Korea Jinhung 8 Shipping Co (2011)	5648339	Pyongyang	Jin Hung 8 (since Nov. 2011)
Korea Jinsong Shipping Co (2009)	4184968	Pyongyang	Jin Song (since Dec. 2009)
Korea Jonsung Trading (2011)	5647640	Pyongyang	Jon Sung 7, 9
Korea Kangsong General (or Shipping and) Trading Co.(2000)	1888023	Pyongyang	Il Sim, Kang Song, Ko San Jin, Mai Bong 1, Sam Hai 1, So Hung 1
Korea Kangsong Trading Co (2011)	5522496	Sinuiju	Su Sam (or Cu Sam) 1 (since June. 2011)
Korea Kangsong (2013)	5462713	Pyongyang	Kon Chang (since Jan. 2013)
Korea Kuksan Shipping Company (2009)	5489231	Pyongyang	(Kuk San[37] - owner until April 2013)
Korea Kumbyol Trading Company	5614028	Pyongyang	Chang Dok, Dan Wyol Bong (or Tan Gyol Bong), Kang An, Ku Bong Ryong, So Baek San, Yong Bong, So Song Chon (or Su Song Chon)

[30] According to the Equasis database, this company was associated with Chinpo Shipping Co (Pte) Ltd (Singapore).
[31] Reflagged to Mongolia since Dec. 2012. It renamed from Buyon in Dec. 2012. ISM manager of the ship is Havest Shipping Ltd (Hong Kong).
[32] According to the Equasis database, its registered owner is East Fortune Shipping Co Inc (Panama).
[33] Rename from Dae San in March 2013. Ownership was transferred to Haorun Resources Llt (Hong Kong, 5731649) on 28 March 2013.
[34] Current owner is Jing Yu International Trading Company Limited (Hong Kong). Also Owner of Chong Won 65 which was renamed from Hye Song 2 and reflagged Mongolia in Sept. 2011.
[35] Lloyd's List Intelligence database. Equasis database listed the vessel under Tung Hai Navigation and described as total loss since 2005.
[36] Registered owner is Hongkong Complant Intl Trans.
[37] The company was the owner and operator of Kuk San which was renamed as Faith and reflagged as Cambodia in April 2013. Its registered owner and operator also changed to Huajin Shipping & Trading Limited (Hong Kong).

Korea Kumgang Shipping Company (2003)	1757755	Pyongyang	Kum Gang 1, Kum Gang 2
Korea Kumgang Trading Company (2001)	1957290	Pyongyang	Kum Gang 3
Korea Kumhae Shipping Company (2010)	5459983	Pyongyang	Kum Hae (registered as "dead" in 2011)
Korea Kumpit Shipping Company (2011)	5361772	Nampo	Kum Pit, Kum Pit 1, Kum Pit 34, Kum Pit 35
Korea Kumpyo Shipping (1999)	1846786	Pyongyang	
Korea Kumrung Trading Company Limited	5146476	Pyongyang	Kang Nam 1, 3, 5, 7 Kang Nam 6 (Reflagged and re-registered from Kichiei Cambodia-flagged in April 2013)
Korea Kumrung Shipping Company	1888142	Pyongyang	Kum Rung 5 [QIAN LI SHAN 13-Ship manager. Cambodia flag. Owner is ALEX SHIPPING CO LTD)]
Korea Kumunsan Trading Co (2005)	5110478	Pyongyang	Kum Un San
Korea Kunhae Co. Ltd.	5423764	Pyongyang	Sai Nal, Sai Nal 2, Sai Nal 3, Sin Pho, Wang Jong, Mun Su San, Kum Gang San (or Kumgangsan)
Korea Kwanghae Shipping Company (2009)	5490013	Pyongyang	(Kwang Hae - subsequently renamed as Guang Hai, re-flagged in Panama and transferred to Shenghao Marine Hong Kong Ltd since Nov. 2011)
Korea Lyeming Shipping Company	5337141	Pyongyang	
Korea Mandae Trading Company (2010)	5321542	Pyongyang	Hae Gum, Dae Pung, Hung Gyong
Korea Miyang Shipping Company Limited	5434361	Pyongyang	Mi Yang 1, 5, 6. Global Nampo (Sierra Leon flagged)[38] [Miyang 7 and Miyang 8- operator.]
Korea Moran Shipping Company	1068364	Pyongyang	Eun bong (Lloyd's database described its existence in doubt)
Korea Mubong Trading Company	5093567	Pyongyang	Mu bong 2
Korea Myongsan-Huayang (or Korea Myongsan Shipping Company) (2001)	5225072	Pyongyang	Myong San (Sea Link Shipping LLC (UAE) is a third party operator)
Korea Namsan Shipping Company (1989)	1790444	Nampo	Nampo 9, Namsan (or Nam San) 1, 3, 5, 6, 8, Tae Song 1 [Jung Gang 5- commercial operator. China Dandong Liaodong (2011) is registered owner]
Korea Osong Shipping Company (2011)	5619960	Pyongyang	Glory (Mongolia) –dead (2011-7-2012.7)
Korea Paekho 7 Trading Company (2000)	5010663	Wonsan	Ri Myong Su-8
Korean-Polish Shipping Company Limited	1267131	Pyongyang,	Chopol 2 (or Jo Ppol 2), Ryo Myong
Korea Pomsan Shipping Company (2008)	4140580	Pyongyang	Pom San (since 2011)
Korea Pongyue Shipping (2005)	5160832	Pyongyang	Pong Yue
Korea Potonggang (or Botonggang) Shipping Company (1999)	1895246	Pyongyang	Tae Song (or Dae Song) 117, Dae Song (or Daesong) 88
Korea Puksong Shipping Company	5571305	Pyongyang	Puk Song 2 (since Sept. 2010); [Puk Song 3-manager since June 2011 (Owner is Dandong Sanjiang Trading)]
Korea Rungra 888 Trading Company (2006)	2137541	Pyongyang	(Kum Rung 5- until Nov. 2005. Since then Korea Kumrung Shipping Company is owner)

[38] Operator is Royal Armadas Intl Co Ltd.

Korea Rungrado Shipping Company	1414592	Pyongyang	Bu Hung, Bu Gang, Rung Ra 1 (since Dec. 2012); Rung Ra Do (the vessel's name was changed from Song Hoa 3 in January 2013)
Korea Ryonhwan Shipping (2010)	5647698	Pyongyang	Chong Gen[39]
Korea Samhae Promotion (1998)	1845315	Hamhung	(Un Ha – since April 2009 Korea Phyongwon Trading Co is owner/operator)
Korea Samilpo Shipping Company	1701459	Pyongyang	Ra Nam 2 (since July 2011), Ra Nam 3 (since Sept. 2012), Sin Dok
Korea Samma Joint Venture Company(or Korea Samma Shipping Company)	5145892	Wonsan (Pyongyang)	Sam Ma, Sam Ma 2
Korea Sikryo Trading Company (1998)	1845329	Nampo	(Previous owner of Sam Ma – until 2001)
Korea Sinjin Shipping and Trading Co. or Korea Sinjin Shipping (1951)	5144090	Nampo	Dae Song San, Sin Jin
Korea Sogyong Trading	5146401	Pyongyang	So Gyong (since Aug. 2010), So Gyong 2
Korea Solsong Shipping Company (2005)	5145362	Pyongyang	Song Hoa 2 (Song Hoa 3- renamed to Rung Ra Do and transferred in January 2013)
Korea Sonbak Trading Corporation (1992)	1556069	Pyongyang	Son Bak 10
Korea Sonbong General Trading Co. (2000)	1891570	Pyongyang	Son Bong 1 (or Songbong 1) (its name was Hung Song 8 before Aug. 2010)
Korea Songchongang Trading Co. (1967)	1845346	Hamhung	Baek Un San (or Paek Un San)
Korea Sungjin Shipping Company	5728463	Pyongyang	Sung Jin 6 (Lloyd's described its existence is in doubt)
Korea Suyangsan Shipping Company (1998)	1845332	Haeju	Su Yang San 2 (renamed Xin Xin and reflagged from Cambodia in April 2013)
Korea Taedonggang Shipping Company (1998) (or Korea Taedong Shipping Co)	5146034	Nampo	Dae Yang (or Tae Yang), Puk Dae Bong, Pyong Nam
Korea Taeyang Shipping Co. Ltd.	5522536	Pyongyang	Tae Yang
Korea Tonghae Shipping Company (1967)	0701819	Pyongyang	The company was owner of many DPRK ships until 1996 including Mu Du Bong[40]
Korea Tumangang Shipping (1999)	1833502	Chongjin	Tu Ru Bong, Tu Ru Bong 1, Tu Ru Bong 3
Korea Uljibong Shipping Company (2006)	5321468	Pyongyang	Ul Ji Bong, Ul Ji Bong 2
Korea Wolbisan Shipping Company (1998)	1845125	Nampo	On chon
Korea Yang Gak Do Shipping Co. (2007)	5341531	Pyongyang	Yang Gak Do 9(reflagged and renamed in Feb. 2013 from Panama), Yang Gak Do 7 (since July 2006) [Yang Gak Do 3(ship manager; owner is China Dandong Lushun Trading)]
Korea Yonsan Shipping Company (2008)	5322007	Pyongyang	Yon San (since April 2008)
Korea Yujong Shipping Company Limited	5434358	Pyongyang	Yu Jong 1, Yu Jong 2, Yu Jong 3 (reflagged and renamed in May 2013 from Aktiva, Siera Leon)
Korea Zoming Shipping Company (2000)	1909630	Pyongyang	Zo Kwang [Mi Rae 1: Ship manager of the vessel. Daohe Shipping Company Limited (2002) is owner]

[39] Siunbong Ocean Intl Group Co is ISM manager. It was flagged Mongolia until July 2010.

[40] Registered owner is Mariners Shipping & Trading Company Limited (Thailand).

Korea Zuzagbong Maritime Limited	1991835	Pyongyang	(Ju Zak Bong 5, re-flagged and reregistered in May 2013 to Eastern Luck, Togo whose manager is Dalian Taiyuan International)
Kumsan Shipping Company (2004)	5145036	Pyongyang	Kum San
Lyeming Shipping Company (2007)	5337141	Pyongyang	[Ryo Myong – manager of the vessel]
Lyukdae Fishery Station (1996)	1680766	Lyukdae	Dae Song San, Nam Po 1, Nam Po 2
Magnolia Mga Shipping Co. Limited (1980)	5103604	Kimchaek	[Mun Su San - Third Party Operator of the vesse!]
Manpung Shipping Company(2006)	5343881	Pyongyang	Man Pung
Ocean Maritime Management Company Limited – OMM (1998)	1790183	Pyongyang	No registered vessel under the company, but commercial operator of 14 vessels [Am Nok Gang, Baek Ma Kang, Chip Sam, Dai Hong Dan, Dok Chon, Hwang Gum San 2, Jon Jin 2, Man Pung, Pe Gae Bong, Pho Thae, Ryong Gang, Rong Gang 2, Tae Dong Gang][41]
Pongsu Shipping Company Limited (1996)	5314364	Pyongyang	Hwang Jin, Song Do Ho
Pothae Shipping Co. Ltd (2011)	5614076	Pyongyang	Pho Thae (OMM is manager)
Rakwon Shipping Company (2008)	5459918	Pyongyang	Rak Won 2 (OMM is manager)
Rason Kangsong Trading Corporation (2009)	5481531	Najin (Rason)	Sa Hyang San (since June 2009)
Ryonggang Shipping Co. Ltd	5522315	Pyongyang	Ryong Gang 2 (OMM is manager)
Shoo Gun Shipping or Korea Shoogun Shipping Co. Ltd. (2003)	5144316	Chungjin	Rimsugoon (or Rim Su Goon)
Sarajevo Maritime LLC (2006)	5144608	Wonsan	Sarajevo
Sinpo Fishery Company (1996)	1701414	Sinpo	Bong Dae San, Kum Kang San, La Pal San, Mo Ran Bong(China flag), Mun Su San, Mun Su San, Sam Chon Ri -1, Tong Chon, Un Pa San
Siunbong Ocean Int'l Group Co(1992)	5725614	Pyongyang	[Kwang Myong, Chong Gen – ISM manager of these vessels]
Si Wan Fung Sea Going Int'l Holding Limited	1502271	Pyongyang	Paek Hak San, [Kunjari (Mongolia), Kwang Myong – ship manager of these vessels]
Sohae Sonbak Company Limited	1697711	Pyongyang	Pe Gae Bong, Baek Ma Kang, Dai Hong Dan, Dok Chon
Sun Shipping Co. Ltd	1894849	Pyongyang	Mi Yang 8 (Korea Miyang Shipping Co. Ltd. is manager of the vessel)
Taedonggang Shipping Co.	5435974	Pyongyang	Tae Dong Gang (Taedonggang Sonbak Co. is ship manager and OMM is ISM manager)
Taedonggang Sonbak Co. Limited (1999)	1845139	Nampo	Chip Sam (or Jip Sam), Pho Thae, Ryong Gang, Ryong Gang 2, Ryong Gun Bong (OMM is commercial operator)
Taedoksan Shipping Company	5673867	Nampo	Tae Dok San (since June 2012)
Takuzan Marine Corporation (2005)	5145739		Takuzan

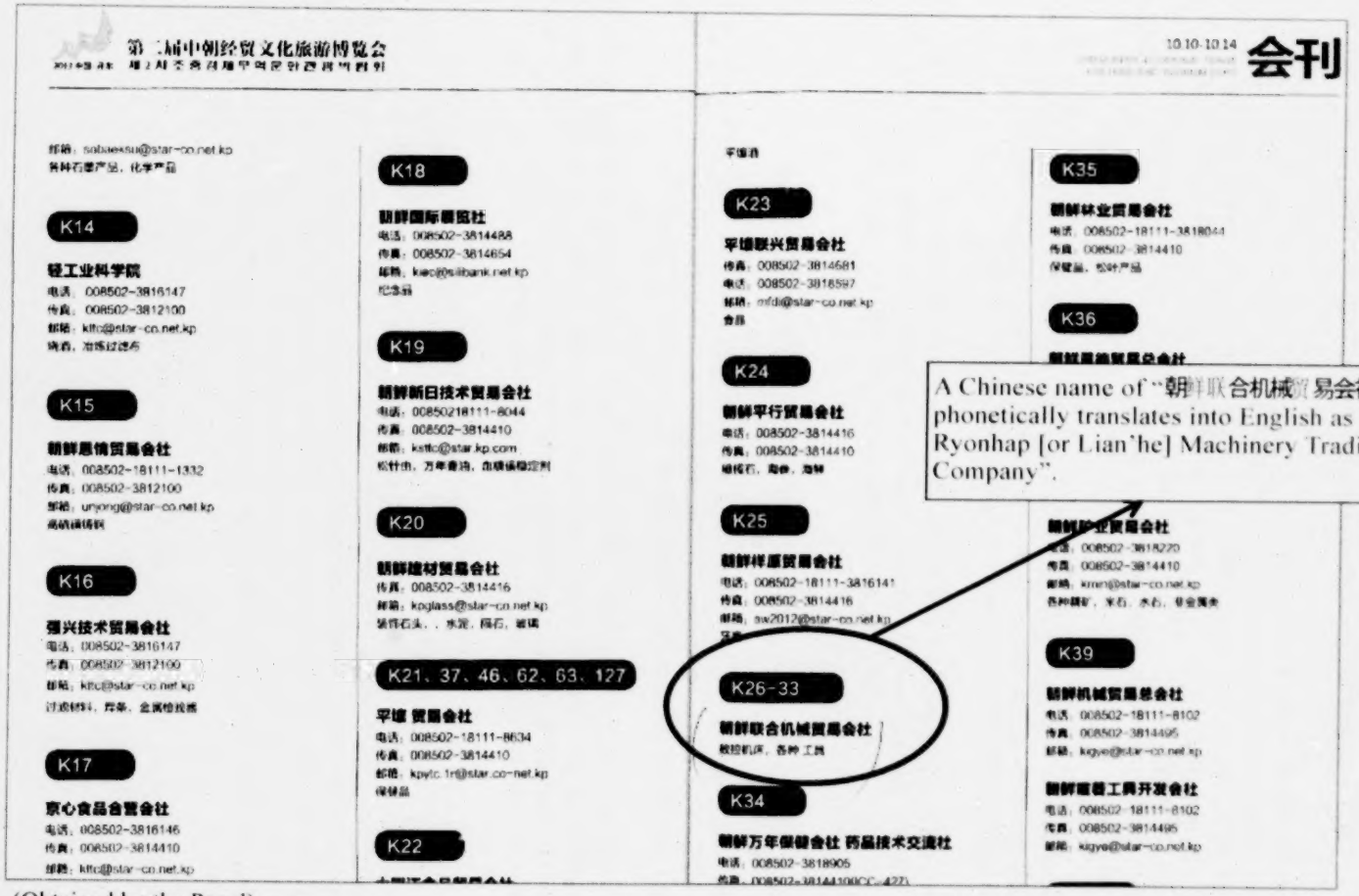
[41] These ships are owned by Sohae Sonbak Company Limited, Taedonggang Sonbak Company Limited or Jatnamu Shipping Company Limited.

Tonghae Sonbak Company Limited (1998)	1845023	Pyongyang	Bi Ryu Gang (or Pi Ryu Gang), Bo Tong Gang, Hwang Kum San, Kum Gang, Man Gyong Bong, O Un Chong Nyon Ho
Tong Hung Shipping & Trading Co. Ltd. (2011)	5571251	Pyongyang	Fortune Star 7 (Korea Puksong Shipping Co is ISM manager since Jan.2013), Tong Hung 1[42]
Yanghwa Fishery Station	1845099	Yanghwa	Bi Ro Bong (or Pi Ro Bong), Baek Gum San
Yusong Shipping Company (2009)	5146578	Pyongyang	Yu Song 7 (since Feb. 2010), Yu Song 12 (since Aug. 2012)
222 Shipping & Trading (2007)	5321644	Pyongyang	Hwang Chol 1, Chong Un San 1

[42] Renamed from Bao Jiang 19 and reflagged from China in 1 June 2013. Chinese ship owner is Shanghai Jiayun Investment.

Annex XXXII

Pamphlet of the Second China-Democratic People's Republic of Korea Economic, Trade, Culture and Tourism Expo, 11-14 October 2013, showing an alias of Ryonha Machinery Corporation



(Obtained by the Panel)

Annex XXXIII

Financial Action Task Force public statement dated 18 October 2013 regarding high-risk and non-cooperative jurisdictions

The Financial Action Task Force (FATF) is the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). In order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdictions.

Jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction.

FATF Public Statement regarding the Democratic People's Republic of Korea

Since June 2013, the DPRK has continued to engage directly with the FATF and has engaged further with the APG. The FATF urges the DPRK to enhance its engagement with the FATF to agree on an action plan to address its AML/CFT deficiencies.

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threat this poses to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies and financial institutions. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from the DPRK. Jurisdictions should also protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and take into account ML/FT risks when considering requests by DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

Source: http://www.fatf-gafi.org/media/fatf/documents/statements/18-October-2013.pdf

Annex XXXIV

List of banks known or believed to be operating in the Democratic People's Republic of Korea

The DPRK does not publish a list of banks licensed to operate in its country and considers business information most other countries normally make available about banks to be a state secret. Various references and guides published with information about DPRK government, party, industry, and trade organizations provide information on some banks. The Panel is unaware of any commercially available comprehensive guide to DPRK banks. The list compiled here, including names in Korean and Chinese when known and appropriate, uses information from a variety of government, press, business and academic sources believed to be reliable and corroborated wherever possible. It reflects information available through 1 February 2014. The Panel welcomes information that would help it further refine and improve the list.

Institution/ Designated by (UN, US, or EU)	Bank Identifier Code (BIC)	AKA (also known as), FKA (formerly known as)	Notes
Amroggang Development Bank 압록강개발은행(UN)	ADBKKPPYXXX (Reported as no longer in use)		Associated with Tanchon Commercial Bank.
Bank of East Land, Pyongyang 동방은행 (UN)	BOELKPPYXXX	AKA: Dongbang Bank AKA: Tongbang Bank	Associated with Dongbang Economic Group; financial arm of Green Pine Associated Corporation (UN designated).
Tanchon Commercial Bank, Pyongyang 단천상업은행 (UN)	[CCBHKPPYXXX] (withdrew from SWIFT)	FKA: Changgwang Credit Bank FKA: Korea Changgwang Credit Banking Corporation	Under Second Economic Committee; financial arm of KOMID (UN designated).
Central Bank of the D.P.R. of Korea 조선중앙은행			Bank of issue; has stake in Hana Banking Corporation.
Foreign Trade Bank of the D.P.R. of Korea 조선무역은행(US)	FTBDKPPYXXX	AKA: Mooyokbank AKA: Korea Trade Bank	Bank manages State foreign exchange transactions and diplomatic accounts; reportedly established Dandong, China, branch in 2002.
Chinese Commercial Bank, Rason 中华商业银行			Established in January 2013; new competitor of Golden Triangle Bank.
Credit Bank of Korea		AKA: Korea Credit Bank FKA: International Credit Bank	Associated with Heavy Industry Department of KWP; most likely different from First Credit Bank.

Institution/ Designated by (UN, US, or EU)	Bank Identifier Code (BIC)	AKA (also known as), FKA (formerly known as)	Notes
Daedong Credit Bank 대동신용은행 (US)	DCBKKPPYXXX	AKA: DCB Finance Ltd FKA: Perigrine-Daesong Development Bank	Joint venture with Korea Daesong Bank; majority stake recently acquired by a Chinese company, Nice Group. This appears to be General Nice Group Holdings Ltd. Subsidiaries show a focus on coal and iron ore.
First Credit Bank	KYCBKPPYXXX	FKA: Kyongyong Credit Bank, Pyongyang	Possible joint venture.
First Trust Bank Corporation 제일신용은행		AKA: Cheil Credit Bank AKA: Jeil Credit Bank	Joint venture founded by Chosen Soren businessman to handle trade of foreign-invest DPRK firms with Russian Federation.
Golden Triangle Bank, Namsan 황금의삼각주은행	KGTBKPPYXXX	AKA: Golden Delta Bank	Until 2013, only bank servicing Rason Free Trade Zone.
Hana Banking Corporation	BRBKKPP1XXX	AKA: Hwaryo Bank (화려은행) AKA: Huali Bank (朝鲜华丽银行) AKA: Gorgeous Bank of North Korea FKA: Brilliance Banking Corporation, Ltd.	Joint stock company arranged between Central Bank of DPR Korea and Central Bank of China; operates branches in China and deals in RMB; had sought to open branch in Seoul but agreement not reached.
Ilsim International Bank 일심국제은행	a.ILSIKPPYXXX b.FTBDKPPYKBC (b is also reported as BIC for a branch of Foreign Trade Bank)	FKA: Korea Kumsong Bank FKA: Kumsong Bank (possible former FTB window)	Korea Kumsong Bank was reported to be associated with the Ministry of People's Armed Forces.
Hi-Fund Bank International Consortium Bank (ICB)	FHIBKPPYXXX	AKA: Sungri Hi-Fund International Bank; reportedly is capitalized by a number of DPRK and Chinese companies, it is associated with the Sungri Economic Group	Hi-Fund Bank also was formerly listed by Malaysia Korea Partners Group of Companies (MKP) as a banking subsidiary. MKP now lists the name of its banking subsidiary as International Consortium Bank, Sungri Exhibition Hall, Pyongyang.
International Telecom Bank, Pyongyang 국제통신은행	[ITBKKPPYXXX] (no longer valid)		Ministry of Posts and Telecommunications; this bank appears to have discontinued operations.
Industrial Development Bank			Associated with now defunct Taepung International Investment Group; uncertain if this entity is active.
The International Industrial Development Bank			Functions may now be performed by Korea National Development Bank; uncertain if this entity is active.

Institution/ Designated by (UN, US, or EU)	Bank Identifier Code (BIC)	AKA (also known as), FKA (formerly known as)	Notes
Korea Agricultural Investment Bank	Changed to KAIBKPPYXXX from KAIBKPP1XXX		Established to implement current 10-year plan.
Korea Daesong Bank 대성은행(US)(EU)	KDBKKPPYXXX	AKA: Daesong Bank AKA: Taesong Bank AKA: Chosen Taesong Unhaeng	Part of Korea Daesong Economic Group and financial arm of Office 39 of the KWP; a subsidiary, Golden Star Bank, Vienna, was closed by Austria in 2004.
Korea Joint Bank, Pyongyang 조선합영은행	KJBFKPPYXXX	AKA: Korea Joint Operation Bank AKA: Chosun Joint Operation Bank	Joint venture bank; established by Korea International General Joint Venture Company and Association of Korea Traders and Industrialists in Japan.
Korea Kwangson Banking Corporation 조선광선은행(US) (EU)	KKBCKPPYXXX	AKA: 朝鮮光鮮金融会社 FKA: Korea Kwangson Finance Company	Associated with Foreign Trade Bank; supports Tanchon Commercial Bank; operates branch in Dandong, China, under its former name Korea Kwangson Finance Company.
Korea National Development Bank	Changed to KNDBKPPYXXX From KNDBKPP1XXX		Established to implement current 10-year plan.
Korea United Development Bank, D.P.R. of Korea 통일발전은행	KUDBKPPYXXX	FKA: Myohyangsan Bank FKA: Myonghyangsan Bank	Under direction of Cabinet.
Koryo Commercial Bank 고려상업은행	Changed to KCBKKPP1XXX from KCBKPPYXXX	AKA: Korea Commercial Bank	Joint venture bank; established by DPRK and US residents; related to Kumgangsan International Group.
Korea Commerce Bank			Established by Commercial Banking Law adopted in 2006; reportedly took over some functions formerly handled by Central Bank.
Koryo Credit Development Bank	KGCBKPPYXXX	FKA: Koryo Global Trust Bank FKA: Koryo-Global Credit Bank FKA: 고려글로벌신용은행	Joint venture with Koryo Bank; foreign partner returned home; uncertain if this entity is active.
Koryo Bank, D.P.R. of Korea 고려은행	KORBKPPYXXX		Operated by Korea Myohyang Economic Group; joint venture partner in Koryo-Global Bank; possibly associated with Office 38 of the KWP.

Institution/ Designated by (UN, US, or EU)	Bank Identifier Code (BIC)	AKA (also known as), FKA (formerly known as)	Notes
Kumgang Bank 금강은행	KMBKKPPYXXX	Possible AKA: Kumgang Export and Import Bank	Associated with Korea Ponghwa General Corporation (under External Economic Committee of the Cabinet) and Korea Pyongyang Trading Company; described as a window of the Foreign Trade Bank.
North East Asia Bank 동북아시아은행	NEABKPPYXXX		Associated with Korea National Insurance Corporation.
Orabank	ORABKPPYXXX		Established by Egypt's Orascom Group of Companies.

Annex XXXV

Note Verbale from the Permanent Mission of the Russian Federation to the United Nations dated 18 February 2014

Постоянное представительство
Российской Федерации
при Организации
Объединенных Наций

Phone: (212) 861 4900
Fax: (212) 628 0252

Permanent Mission
of the Russian Federation
to the United Nations

136 East 67th Street
New York, NY 10065

№ 669 /н

Постоянное представительство Российской Федерации при Организации Объединенных Наций свидетельствует свое уважение Председателю Комитета по санкциям, учрежденного в соответствии с резолюцией Совета Безопасности Организации Объединенных Наций 1718 (2006), и в ответ на обращение координатора Группы экспертов Комитета в отношении т.н. «владивостокского отделения» северокорейской компании «Ocean Maritime Management Company» (OMM), причастной к инциденту с задержанием панамскими властями северокорейского сухогруза «Чхончхонган», имеет честь сообщить следующее.

Е.П.г-же Сильвии Лукас,
Председателю Комитета по санкциям,
учрежденного резолюцией Совета
Безопасности ООН 1718 (2006)

с.с.: г-ну Весселину Костову,
секретарю Комитета по санкциям,
учрежденного резолюцией Совета
Безопасности ООН 1718 (2006)

г-ну Мартину Удену
координатору Группы экспертов,
учрежденной резолюцией Совета
Безопасности ООН 1874 (2009)

Согласно данным российских компетентных органов, ОММ является одной из структур Министерства морского и сухопутного транспорта КНДР, представительство которой до 2010 г. было зарегистрировано во Владивостоке по адресу: ул. Луговая, д. 43, кв. 39. Прав собственности на какое-либо имущество на территории Российской Федерации у представительства не установлено. В качестве заявленной деятельности организации фигурировала перевозка грузов, приобретение товаров народного потребления и списанных судов. С 2010 г. эта структура свою деятельность в Российской Федерации не осуществляет.

По информации Федерального бюджетного учреждения «Государственная регистрационная палата при Министерстве юстиции Российской Федерации», представительства или филиалы ОММ в настоящее время в сводном государственном реестре аккредитованных на территории Российской Федерации представительств иностранных компаний и в государственном реестре филиалов иностранных юридических лиц, аккредитованных на территории Российской Федерации, не значатся.

Хотели бы также обратить внимание на то, что в обращении координатора Группы экспертов г-н Хан Ен Кю упоминается в качестве «представителя» отделения ОММ во Владивостоке. Для Российской Федерации неприемлемо в этом контексте оперирование информацией несуществующей структуры «Russian Online Commercial Business Registry» (в докладе экспертов сделана ссылка на интернет-ресурс Одесского института инженеров морского флота, расположенного на Украине и имеющего украинский домен).

Одновременно сообщаем, что гражданин КНДР Хан Ен Кю впервые въехал на территорию Российской Федерации 15 июня 2012 г. по деловой визе. С июня 2012 г. по настоящее время трижды посещал Россию. Официально к деятельности Министерства морского и сухопутного транспорта КНДР и ОММ г-н Хан отношения не имеет.

Постоянное представительство Российской Федерации пользуется случаем, чтобы возобновить Председателю Комитета по санкциям, учрежденного соответствии с резолюцией Совета Безопасности Организации Объединенных Наций 1718 (2006), уверения в своем весьма высоком уважении.

Нью-Йорк, «7» февраля 2014 года

Translated from Russian

Permanent Mission of the Russian Federation to the United Nations

No. 649/N

The Permanent Mission of the Russian Federation to the United Nations presents its compliments to the Chair of the Security Council Committee established pursuant to resolution 1718 (2006) and has the honour to provide the following information in response to the communication from the Coordinator of the Committee's Panel of Experts regarding what was termed the Vladivostok office of the North Korean company Ocean Maritime Management (OMM), in connection with the incident involving the Panamanian authorities' detention of the North Korean bulk carrier Chong Chon Gang.

According to information in the possession of the appropriate Russian authorities, OMM is part of the structure of the Ministry of Land and Marine Transport of the Democratic People's Republic of Korea, with a representative office in Vladivostok registered until 2010 at 43 Lugovaya Street, apartment 39. It was not established that the representative office had rights over any kind of assets in the Russian Federation. The declared activity of this entity was transport of freight and acquisition of consumer goods and scrapped vessels. Since 2010, this entity has not operated in the Russian Federation.

According to information from the State registration office, a federal budget office attached to the Ministry of Justice of the Russian Federation, no OMM representative office or subsidiary appears on the State register of representative offices of foreign companies accredited in the Russian Federation or the State register of subsidiaries of foreign legal persons accredited in the Russian Federation.

We also wish to point out that the communication from the Coordinator of the Panel of Experts lists Mr. Han En Koo as the "representative" of the OMM Vladivostok office. The Russian Federation cannot accept in this context the use of information from the non-existent Russian Online Commercial Business Registry (the report of the Panel of Experts referred to the website of the Odessa institute of naval engineers, which is located in Ukraine and has a Ukrainian domain name).

We also wish to inform you that Mr. Han En Koo, a citizen of the Democratic People's Republic of Korea, first entered the Russian Federation on 15 June 2012 on a business visa. Between June 2012 and now, he has made three visits to the Russian Federation. Officially, Mr. Han has no links to the activities of the Ministry of Land and Marine Transport of the Democratic People's Republic of Korea or OMM.

The Permanent Mission of the Russian Federation takes this opportunity to convey to the Chair of the Security Council Committee established pursuant to resolution 1718 (2006) the renewed assurances of its highest consideration.

New York, 18 February 2014

Her Excellency Ms. Silvie Lucas
Chair of the Security Council Committee established
pursuant to resolution 1718 (2006)

cc: Mr. Vesselin Kostov
Secretary of the Security Council Committee established
pursuant to resolution 1718 (2006)

Mr. Martin Uden
Coordinator of the Panel of Experts
established pursuant to Security Council resolution
1874 (2009)